

# CHINA REPORT

中国新闻周刊  
English Edition

## CULTURE

Digging Out Truth:  
Dark tales from  
coal country

## ECONOMY

Spend to Mend:  
China bets on consumption  
to cure the economy

## POLITICS

Code Compliant:  
Are health status  
apps here to stay?

**LIFE AFTER**

**CORONAVIRUS**

Coming to terms with the costs of the pandemic



Volume No. 85 June 2020



VISIT...

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# UNWTO

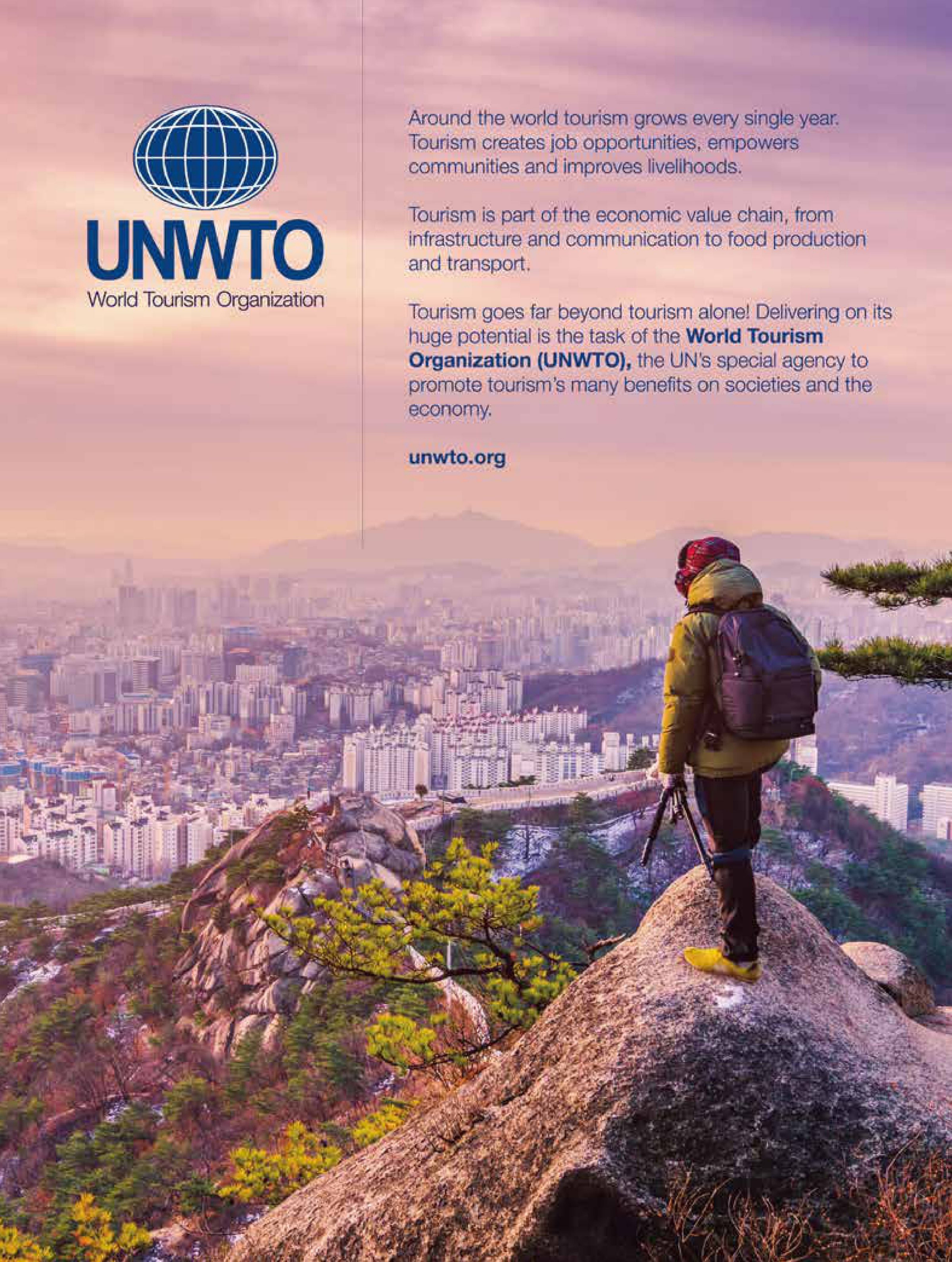
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## Universal healthcare is not a panacea for the problems of China's health system

As China has largely gotten the coronavirus outbreak under control, there has been much discussion about the development of China's healthcare system. Among the measures taken by the Chinese government to deal with the pandemic, the most effective is that the government offered free treatment to all Covid-19 patients.

It is estimated that the Covid-19 outbreak in China incurred direct costs of 1.5 billion yuan (US\$211m) for medical services. On average, each Covid-19 patient incurred a cost of 17,000 yuan (US\$2,400), and each severe case cost about 150,000 yuan (US\$21,200). Two-thirds of the cost was paid by public medical insurance funds, with the rest funded by specially allocated government budgets.

Citing the success of the strategy, there are now rising calls for China to adopt a universal healthcare system that provides free medical services to all citizens for all types of treatment. Li Ling, an economics professor and director of Peking University's China Centre for Health Development Studies, argued that the free treatment the government offered to Covid-19 patients lays the groundwork for the introduction of a universal healthcare system in China. She pointed to the progress China has made in medical services and to China's position as a global manufacturing hub of medical supplies and equipment.

While Li paints a rosy picture and emphasises the pros of universal health coverage, we must be aware of the cons of such a system. Chinese people are familiar with universal healthcare. Prior to the launch of reform and opening-up in the late 1970s, China had universal healthcare for several decades. While providing some basic medical care for the population, the system under a planned economy was known for its inefficiency and poor standards.

Like all other healthcare systems, universal healthcare has disadvantages. Not only is it prone to abuse and takes up a lot of government spend-

ing, it can lead to long waiting lists for elective procedures. For example, in Canada, where per capita GDP is more than four times that of China, the average wait time for a non-emergency medical procedure is about five months.

In some provinces of Canada, healthcare expenses account for 40 percent of government budgets.

In addressing the various problems of China's healthcare system, we should not expect a simple and miraculous system, but should take a more precise approach. A major problem with China's healthcare system is the unbalanced distribution of medical resources. While the country's best medical resources

are concentrated in top hospitals in big cities, the people have low trust and confidence in medical institutions at the community level, which has not only led to increasing tensions between patients and medical professionals, but also resulted in overwhelming workloads at hospitals in big cities as people flock to seek better treatment.

To solve this problem, China needs to tackle the problem of efficiency and equality at the same time. To solve the problem of affordability for low-income groups, the Chinese government should increase its budget for their healthcare to guarantee basic medical services. In the meantime, China should make efforts to boost the quality of health services at the grass-roots level by establishing a community-based general practitioner system.

In addition, the government should encourage the development of private hospitals and the medical insurance industry to increase the efficiency and quality of health services.

Without addressing the specific problems with China's healthcare system, adopting universal healthcare may lead China back to the planned economy periods of pre-reform when high-quality medical services were only available through nepotism and personal connections. ★





# LOOKING AHEAD

Although Covid-19 in China is waning, *ChinaReport* examines what is to come

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PHOTO BY CFP

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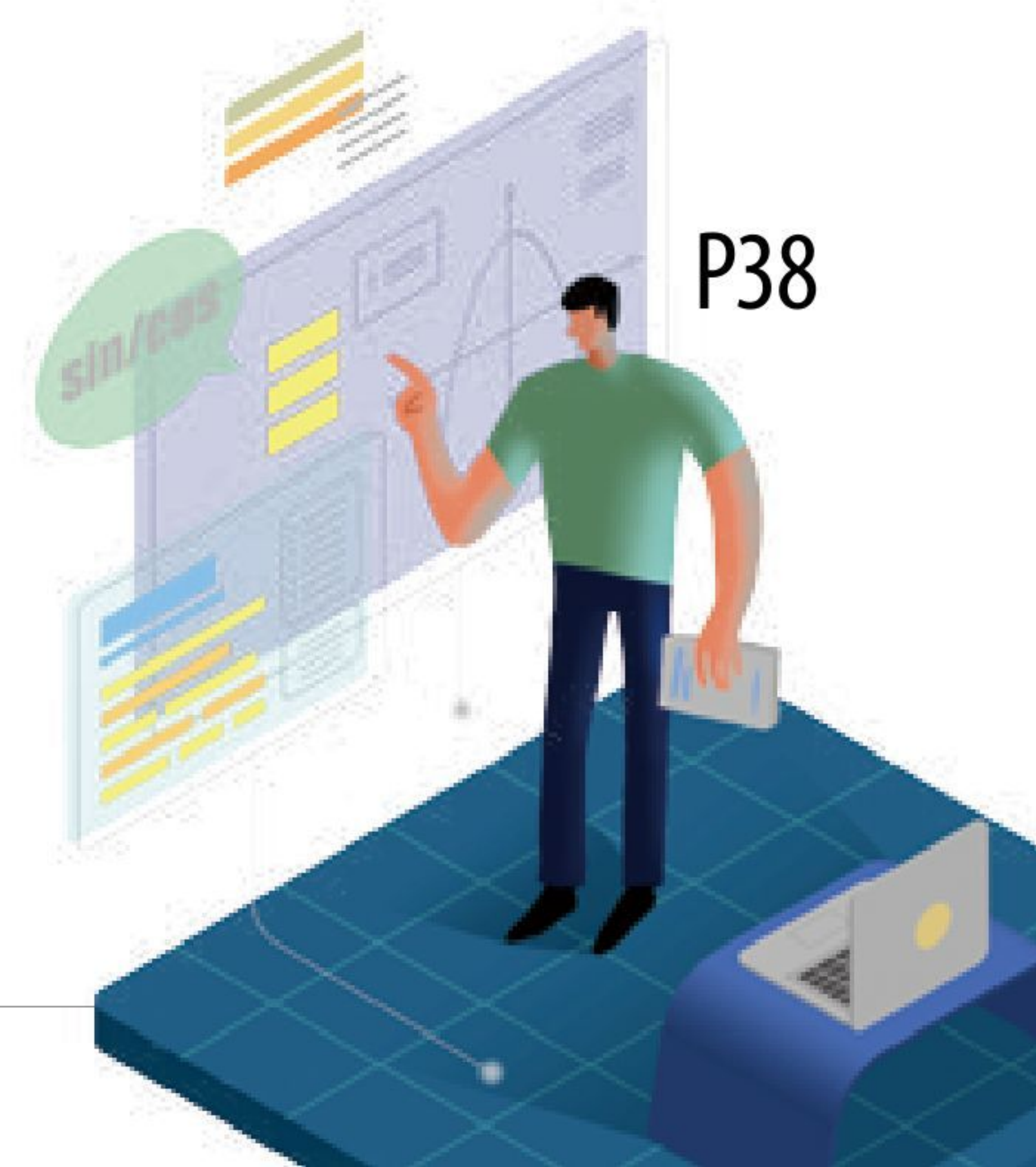
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ChinaReport, Chinese Edition

May 11, 2020

## Economy a Test for Lawmakers



Speculation abounds over economic developments in the second half of 2020. Meanwhile, the world is paying attention to whether China's GDP and per-capita income will double that of 2010 at a time when Covid-19 is expected to linger for a long time. Since early 2020, the central and local governments have issued more than 100 stimulus policies to bolster economic growth, but there are still many challenges to resume work, boost markets and create job opportunities. The services industry has been worst-hit, and China's foreign trade has encountered unprecedented difficulties. It will be a test of policymakers' wisdom to release more ambitious proactive fiscal policies and prudent monetary policies to release the potential of consumption and safeguard the livelihoods of the public.

China Economic Weekly

April 15, 2020

## Brink of Bankruptcy

Official data shows that China's private sector, which is mainly composed of small- and medium-sized enterprises (SMEs), contributed more than 50 percent of tax revenue, 60 percent of GDP, 70 percent of technological innovations and 80 percent of urban employment in 2018. Since the outbreak of Covid-19, many SMEs are on the brink of bankruptcy due to the rising costs of labour, logistics and raw materials coupled with a sluggish market. According to Tianyancha, a data platform with Chinese enterprise information, more than 460,000 enterprises nationwide went bankrupt in the first quarter of 2020. The central government released a package of preferential policies targeting SMEs such as rent reductions, subsidies for employees and discount vouchers to stimulate spending. Experts cautioned that stimulus measures have to be implemented as soon as possible and a proper mechanism has to be established in order to prevent a one-size-fits-all approach and to eradicate fraudulent use of subsidies.



Business Weekly

April 17, 2020

## Online Education Boom

The spread of Covid-19 has forced most Chinese students from kindergartens to universities to stay at home since early 2020. Online education has been widely used across the country. The rapid development of internet technologies has changed both teaching methods and concepts, and investors are piling into the online education sector for its great market potential. During the pandemic, many extra-curricular training institutions have switched their attention to online classes. According to iResearch, an internet and consumer analysis platform, the Chinese online education market is expected to reach 453.8 billion yuan (US\$64b) with over 300 million users in 2020. Through AI technology, big data and cloud computing, more tailor-made lectures are expected to be launched to meet the demands of online education users which will enhance the learning efficiency of students and make teaching resources more easily shared.



Minsheng Weekly

April 29, 2020

## Internet-age Jobs Recognised

The Ministry of Human Resources and Social Security has recognised 16 new professions, including industrial internet technicians, supply chain operation managers and online delivery workers in order to keep abreast with economic and social developments. It is the second time China has released a list of new occupations since April 2019. Alongside the rapid growth of new industries, growing demands for higher quality of life and consumption and China's rapid transition from high-speed growth to high-quality development, many new types of jobs requiring new skills and credentials are expected to emerge. Schools, enterprises and the government have to brace themselves for new professions and the regular job list updates will stimulate employment, reform vocational education and training and create a healthy and sound job market.

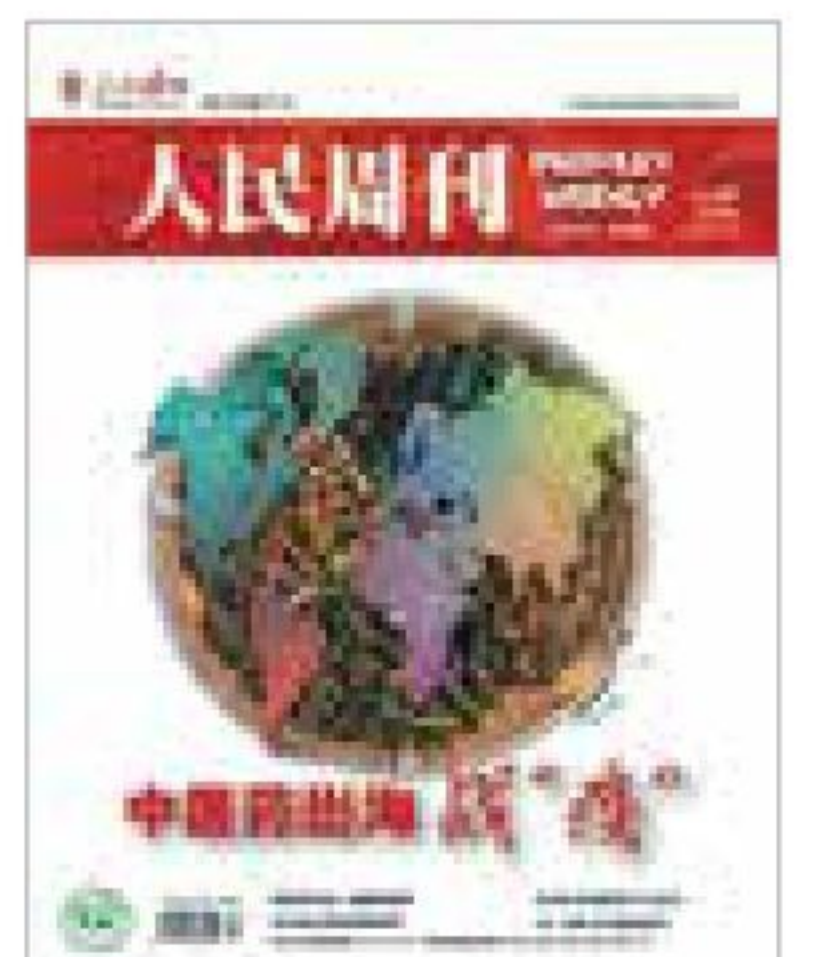


People's Weekly

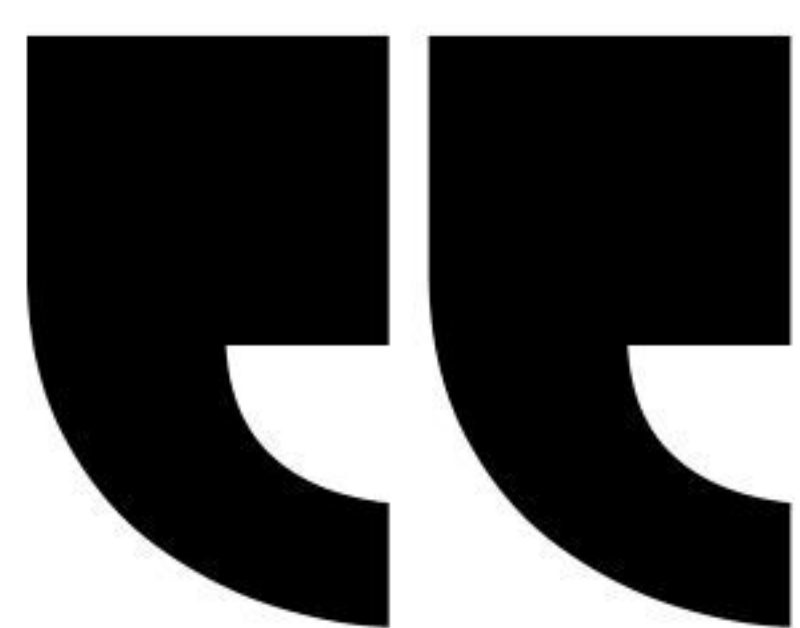
April 26, 2020

## TCM Goes Global

After the Chinese mainland has largely managed to contain the domestic outbreak of the Covid-19 pandemic, China has sent several medical teams and brought Chinese therapies to seriously-affected countries in Asia and Europe. Traditional Chinese medicine (TCM) has shown a certain curative effect on the highly contagious disease, and the combination of TCM and Western medicine has proved to have an effect on confirmed cases. A growing number of Chinese medical institutions have partnered with overseas counterparts to explore treatments and vaccines, which has enhanced the visibility and reputation of TCM abroad. Official statistics showed that China exported traditional medications worth US\$3.9 billion in 2018. Experts said that the lack of uniform scientific standards for TCM accepted by overseas countries is the biggest hindrance to the sector. TCM enterprises have to adjust their global strategies and take a more scientific approach towards their curative effects.







## WHAT THEY SAY

**“I hope talk like this [about younger and older generations] doesn’t cause a divide or confrontations between the two. We need them to work and fight together.”**

**Bai Yansong**, a news anchorman on China Central Television, talking about a video on older generations’ opinions about younger generations that went viral on China’s Youth Day (May 4)



ILLUSTRATION BY XIAO ZHENDUO



**“As far as I know, even for the last few weeks, when we are faced with this very serious, critical (Covid-19) situation, people are still working on the implementation of the phase one [trade] deal.”**

Chinese Ambassador to the US **Cui Tiankai** in an interview with US-based digital broadcast show GZERO World on April 3



**“Production is resuming throughout China and the lockdown in Wuhan has been lifted. If the death toll wasn’t real, why would we dare to do that? It is disrespectful towards China’s millions of medical workers and 1.4 billion citizens to question the figures of confirmed cases and deaths. China’s figures reflect China’s experience, not China’s concealment.”**

**Yue Yucheng**, deputy minister of China’s Ministry of Foreign Affairs, in an interview with NBC on April 28



**“Humanitarianism and its concept of abstract love can make people abandon their responsibility for individuals. While exempting minors from legal punishment may seem like we’re caring for children, it actually lets go of our responsibility to protect victims.”**

**Luo Xiang**, director of the Institute of Science of Criminal Law, China University of Political Science and Law, in a post on Sina Weibo calling to lower the minimum age of criminal responsibility in China, which is 14 years old



**“Generally speaking, China’s future economic development is largely dependent on the global control of the pandemic. If the global economy fails to recover, it would be hard for China to radically improve its economy. Although we have an enormous market of 1.4 billion people, China’s industrial chains are deeply integrated into the global economy.”**

**Su Jian**, director of the National Economy Institute, Peking University, in an article for news portal *The Paper*

**“The general election is an internal affair of the US and China has no interest in interfering in it. Meanwhile, China hopes that US politicians do not make mischief in China. The international community will comment fairly on China’s anti-epidemic controls and its contributions to the global combat against Covid-19.”**

**Geng Shuang**, China’s Ministry of Foreign Affairs spokesperson, responding to US President Donald Trump’s remarks that China is doing its best to prevent him from being reelected

**“The new policies to stabilise employment should take pandemic controls and future economic development into consideration. Flexible employment [such as employee sharing and trans-industry employment] will not only promote production resumption when controls become a long-term task but also provide new employment channels as economic upgrades speed up.”**

**Ouyang Jun and Qin Fang**, researchers at the Survey and Research Centre for China Household Finance, writing for Sina Finance

**“China has set very high requirements for adopting a child legally, but unofficial adoption is rampant, creating a legal grey zone which makes it hard for authorities to protect children’s rights and interests.”**

Commentator **Zhangluo Chulin** on blog Narada Insights

**“When making policies, we have to make sure we do not end up with lasting complications. We should never fall into the same trap as in the 2008 financial crisis. Although that sickness originated in the US, the whole world had to medicate, and while the US was first to recover from it, many other countries are still dealing with the complications.”**

**Fu Chengyu**, former president of Sinopec, at a recent economic forum hosted by a financial journal *China Finance and Economic Review*





## Top Story

## Top Court Issues Tougher IP Guidelines



China's Supreme People's Court (SPC) issued guidelines on improving the judicial protection of intellectual property (IP) on April 21, requiring a more effective, accurate, equal and stricter protection.

Jiang Bixin, then SPC deputy president, said at a press conference held the same day that the guidelines are in response to the central government's demand to deepen reform of judgements in IP cases as well as implement phase one of the Sino-US trade agreement. As part of the deal, China pledged to strengthen the protection of business secrets, tighten the clampdown on counterfeit products and improve the judicial implementation and proceedings of IP protection.

Jiang said the rules focus on reducing the cost of litigation

and the time it takes to hear and rule on cases. Compensation for those found to have had their IP rights infringed will be increased, and the bar is set lower for the evidence that litigants have to provide.

The document also emphasises equal protection must be afforded to different economic bodies and contract parties from different countries. Judgement criteria must be consistent across cases.

China has formed a new judgement system for intellectual property protection, which consists of the SPC's judicial tribunal, intellectual property courts at 32 local supreme courts, several middle and bottom-level courts and three designated courts for IP. The new document requires the effective implementation of the system and emphasises the guidance role of typical cases.

According to the SPC 2019 Report on the Intellectual Property Protection by Chinese Courts published the same day, Chinese courts nationwide accepted 481,793 IP cases in 2019 and settled 475,853 cases (including pending cases), 44.2 percent and 48.9 percent more than that in 2018.

The report shows that more IP cases are related to the legality of administrative power. The SPC, it said, accepted 1,066 such cases in 2019, 70.8 percent more than 2018 and local courts accepted 16,134, 19.1 percent more than that in 2018.

Jiang said that the protection of scientific technologies and IP is of extreme importance to human survival and development and that China calls for more effective IP protection.

Analysts said China's growing emphasis on IP protection will improve the business environment and attract more foreign investors. According to the government's 2019 report on protecting intellectual property and improving the business environment, China saw 59,800 new foreign businesses set up and used 941.5 billion yuan (US\$138.5b) worth of foreign investment in 2019, 5.8 percent more than in 2018.

## Transport

## Rail Plays Essential Role for China-Europe Connections During Pandemic

With reduced sea and air traffic, railways are helping keep China and Europe connected during the pandemic.

A new postal railway service left Dongguan, Guangdong province on May 9 for the Lithuanian capital of Vilnius via Kazakhstan, Russia and Belarus. Taking 16 days, the train departed with mail to be distributed to Spain, the UK, Germany and Italy.

Europe-China rail freight is increasing. "Although many borders are closed for passenger traffic, there has been minimal disruption to rail freight, with only minor delays and temporary congestion when restricted movement measures were first implemented," said Zafer Engin of DHL Global Forwarding China.

According to China Railway Group, westbound traffic was up for April by 58

percent compared to the same month last year with eastbound increasing by 29 percent. Typical goods heading west are PPE (personal protective equipment), while items from Europe include components or materials needed by reopened factories. Pre-pandemic cost per container from China to Germany is \$7,500 compared to \$20,000 for air and \$1,500 for shipping, though many routes have been suspended.



## Science

### Manned Space Programme Advances with Launch of New Rocket



China's newest version of its workhorse heavy-lift rocket the Long March-5B (Changzheng-5B) blasted off into near-Earth orbit on May 5, carrying a prototype crew capsule and a flexible and inflatable cargo return capsule.

This was the maiden flight of the rocket which was developed for the manned space station, China's third step of its manned spaceflight project released in 1992. China has accomplished the

first two steps, sending astronauts to space and launching a short-term space lab.

The Long March-5B is 53.7 metres long and has four boosters at a diameter of 3.35 metres each. With a maximum payload of 837.5 tons, the rocket's near-Earth orbit load reached over 22 tons.

The rocket, which only has one stage rather than the usual two, was propelled off the launch pad by the boosters and the core stage with two engines completed the journey into orbit at 260 kilometres above the Earth. This stage, with a mass of 20 tons, later plunged back to the surface in the North Atlantic off the coast of northwest Africa.

Chinese media reported that China intends to use Long March-5B to launch a Mars probe and the moon probe Chang'e-5 within this year.

## Society

### Chinese Garden Taking Shape

The coronavirus has forced the annual Chelsea Flower Show online. However, in the northwest of England, one project is proceeding apace to create a Chinese garden in Salford, Greater Manchester. *Streamside Garden* is being developed by the UK's Royal Horticultural Society (RHS) as part of a larger 154-acre project, Garden Bridgewater.

While the opening is postponed until May 2021, workers have kept in touch with Chinese experts via video link for guidance on the project's rock feature. "Although the two sides are thousands of miles away, our hearts and thoughts are together. With such communication and mutual understanding, the Chinese garden design ideas have been perfectly realised," said China's Consul-General in Manchester Zheng Xiyuan.

Bridgewater is the RHS' first new garden in 20 years and the largest of its kind in Europe. The local community has also rallied to help. Philanthropist Lee Kai Hung aims to raise 500,000 pounds towards the garden. "This garden symbolises a blend of multi-cultural characteristics in a peaceful woodland setting creating a stunning legacy for generations to come," he said.

## Tourism

### Virtual Tours Bring Chinese Culture and Travel Home

"China Weeks: When Culture and Tourism Blend" from the China National Tourist Office London is among the online tours offering locked-down Britons the chance to explore Chinese culture from the comfort of their own homes.

Twenty Chinese national tourist offices and 40 Chinese cultural centres around the world are carrying out similar virtual initiatives.

In the UK, the programme includes a 21-minute mini-opera *A Sunny Day*. "This is a commendable and touching work that embodies the power of China in the face of adversity," said David Buckley, chairman of the board of governors of the UK's Yehudi Menuhin School.

Another is *Our Silk Road*, an exhibition of 60 photos selected from over 8,000 works by 330 photographers at the fifth World Photography Conference in Shandong Province. The exhibition is being presented in eight instalments, each based on a theme such as portraits, travel, family and festivals.

## Donation

### Schools, Communities Come Together

Ties between Chinese and British schools and communities have proven invaluable during the pandemic. China's Datong Primary School in Changsha, Hunan Province sent 6,500 masks to Lincoln Minster School in eastern England. The two schools signed a memorandum of understanding in November.

Messages from the students in China were also "amazing" according to the UK school's headmaster Fiona Thomas. "I think one touched all our heart, which is 'if you have your friends in your heart, distance cannot keep you apart'," she said.

Meanwhile, the "We Care NHS" initiative spearheaded by the London Chinatown Chinese Association (LCCA) and Zhejiang UK Association donated 30,000 protective medical gowns to the NHS (National Health Service), specifically London's St Thomas Hospital, on April 20. The initiative had garnered support from more than 100 Chinese community groups and individuals across the UK.

This was followed by a further donation of 70,000 KN95 masks and other equipment. In addition, the British Chinese community donated 60,000 masks and the Chinese Chamber of Commerce in the UK donated ventilators and PPE to other hospitals and key workers in London.



PHOTOS BY CNS VCG



## Four Children Killed on Illegal Construction Site

Police in Yuanyang County, Henan Province detained eight people for illegal construction after four children were found dead on the project site. The police said the four children, aged between 5 and 9, had snuck on to the building site on April 18 and were most likely playing when one of the massive piles of excavated earth slipped and buried them. Reporters found that the construction company did not have a building permit and generated disputes with residents over road damage. Also, the site was not sealed off to code, which allowed locals to take shortcuts through it. Netizens criticised local authorities for turning a blind eye to illegal projects until they turn deadly.



## Mother, 79, Saved After Son Leaves Her to Die in Grave

A man surnamed Ma in Shaanxi Province faces attempted murder charges after he dumped his disabled mother, surnamed Wang, in an abandoned grave and left her to die. Fed up with taking care of his 79-year-old mother, who is paralysed, Ma loaded Wang on a wheelbarrow late on May 2 and dumped her in an abandoned grave. When asked where she went, Ma claimed he had sent Wang to visit a relative. After the family's three-day search for Wang, Ma's wife reported him to police. When Ma confessed, police rushed to the grave site where officers said they could hear her faintly shouting for help. Wang received treatment and has recovered from the ordeal. Ma is potentially facing charges of intentional homicide. According to family members, Wang does not blame Ma and instead fears for his future, an unconditional love that netizens said may be the very reason behind Ma's brutality.

## Father Sells Daughter, 3, Spends Proceeds on Camgirl Tips

A recent media report revealed a father in Fuzhou, Fujian Province was sentenced to prison after he sold his 3-year-old daughter for 80,000 yuan (US\$11,765) and squandered it on tipping a livestreamer. The man surnamed Lu, in his 30s, has been caring for his son and daughter alone after separating with his wife. Struggling to pay the bills, Lu sought to sell his daughter in 2018 and quickly found a buyer through a friend. With money in hand, Lu instead began shelling out cash on livestreamers, especially a camgirl who he showered with luxurious virtual gifts. Lu's crime went undetected until local police conducting an annual census knocked on his door. A court sentenced Lu to five years in prison and stripped him of custody, the first ruling of its kind in Fujian. There was an outpouring of support for the young child on social media, who is now in the care of a local charity.

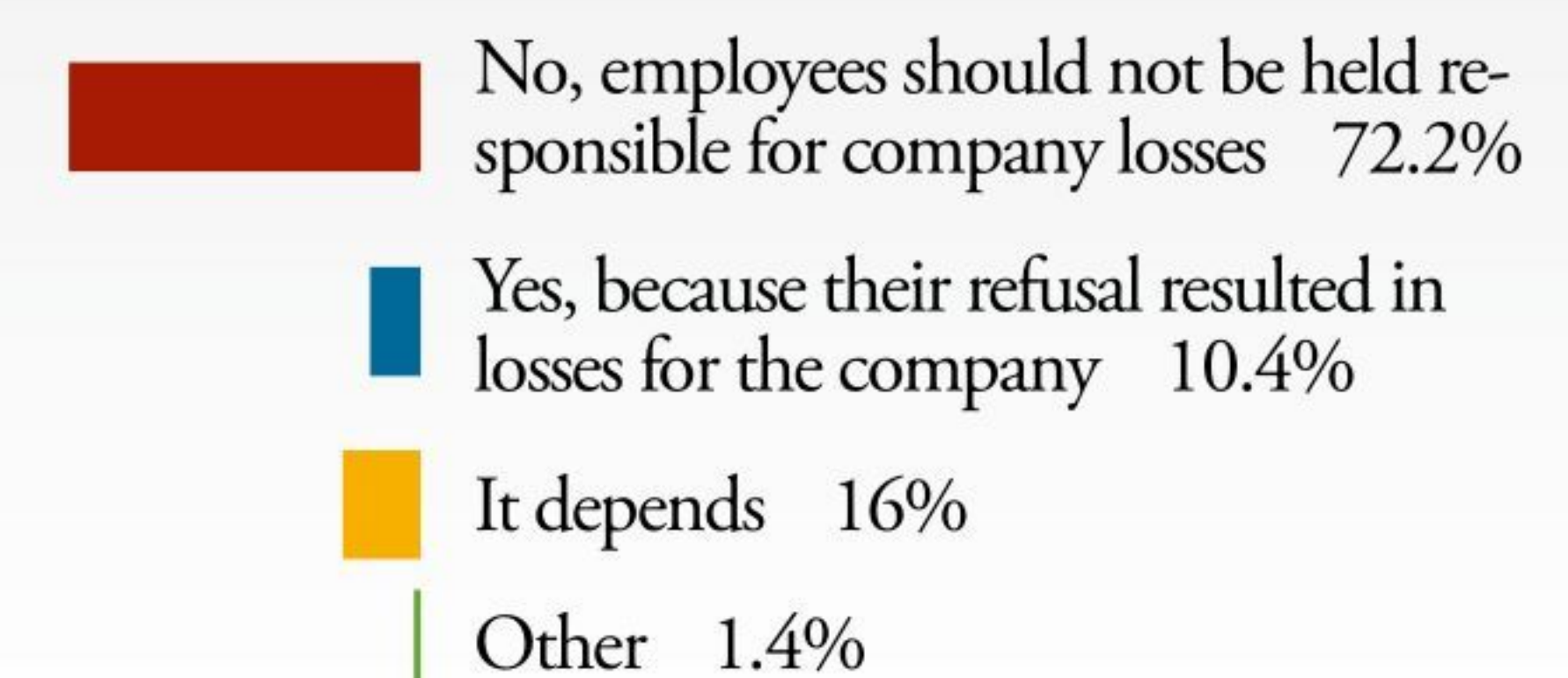
## Mother Drags 10-year-old into Freezing Sea for Not Studying

Police in Northeastern China's Liaoning Province were called after a mother was spotted dragging her 10-year-old daughter into the freezing sea as punishment for not studying. Witnesses reported what they suspected was a suicide attempt, local police told media on April 15. Officers arrived to find the mother waist-deep in water, dragging her frightened daughter from the coast. The girl, still wearing her winter jacket, called out to police officers and struggled to reach them, but the mother held her back. Four police officers eventually waded into the water and pulled both mother and child to shore. The mother told police that she had only wanted to scare her daughter for not studying hard. Netizens blasted the mother for putting her daughter's life above grades and worried the experience would scar the girl permanently.

## Poll the People

Debate sparked online after a court in Yangzhou, Jiangsu Province ordered two employees to pay 18,000 yuan (US\$2,647) compensation to their company for refusing to work overtime for an emergency order. According to media reports, the company lost 120,000 yuan (US\$17,647) for failing to complete an order on schedule. The judge cited China's Labour Law, which says employees must accept overtime work during times of emergency. Opponents argued that the Labour Law also requires for any overtime to be "negotiated between the employer and employees" and that the company was responsible for properly organizing its staff.

**Do you think employees should compensate their employers for refusing to work overtime during an emergency?**



Source: Sina blogger "Beijingren buzhidao de Beijingshi'er"



## Most Circulated Post

Retweeted 58,028 times by May 8

**"We've made it through!  
We've turned the situation  
around and the death rate has  
improved tremendously."**



On April 22, infectious disease and Covid-19 expert Zhong Nanshan welcomed back a group of returning medical workers

from the pandemic's frontlines in Wuhan to their hospitals in Guangzhou, Guangdong Province. During the reception, Zhong said that China has finally pulled through the most critical period thanks to the sacrifices of China's medical workers during the pandemic. China Central Television posted the news on Sina Weibo to honour Zhong and all other frontline medical workers.



# TOP FIVE SEARCH QUERIES

On **Baidu** 百度 for the week ending May 17, 2020

1

## 1. US to Allow Cooperation with Huawei on 5G Standards 171,116

According to a Reuters report, the US Department of Commerce signed a regulation that would allow Chinese telecom firm Huawei to define 5G standards with American enterprises. The regulation is still awaiting final approval.

2

## 2. Foxconn Denies Suspending Production 126,527

Apple's largest OEM Foxconn denied rumours that it has suspended production from May to September due to decreased orders during the Covid-19 pandemic. A Foxconn spokesperson told media that its plants on the mainland are up and operating normally.

3

## 3. China's Top Trade Negotiator talks with US Treasury Secretary 113,351

Liu He, China's vice premier and head of the Sino-US trade negotiations, had a phone call with US Treasury Secretary Steve Mnuchin on May 8. Both sides agreed to maintain cooperation efforts in public health and work to build a positive atmosphere for implementing phase one of the trade deal inked in January.

4

## 4. Coffee Latest Coronavirus Panic Buy 61,165

According to the International Coffee Organisation, coffee supplies have fallen worldwide due to hoarding during the Covid-19 pandemic.

5

## 5. China Pushes Two Sessions to Late May 42,661

The opening of the plenary session of the National People's Congress and of the annual session of the Chinese People's Political Consultative Conference were rescheduled to May 21 and 22. Usually held in March, the two sessions were pushed back because of the Covid-19 pandemic.

## TOP BLOGGER PROFILE

### Tyler Christler

Followers: 91,196 by May 12

Taking advantage of his livestreaming fame in China, Tyler Christler, an American who has lived in Dalian, Liaoning Province for 12 years, is helping US vineyards promote their wines in China. A video posted by social media Dami Video showed him pitching American wines in fluent Chinese. In the video, Christler said he was happy to do what he could for the Chinese and US economies, both of which are reeling from the effects of the Covid-19 pandemic. According to a 2017 interview with social media outlet "Zhuliuzazhi," Christler majored in international business and visited China in 2008 to learn the language and find business opportunities. Attracted by Dalian's climate, which he said reminds him of his native Ohio, Christler made China his home and married. Chinese food is also a passion for Christler, which along with Chinese and American culture serves as a major portion of his content. His Sina Weibo account is so full of posts about Chinese food that fans commented that he would make a fortune if he opened a Chinese restaurant in the US. While some critics find Christler's effusive praise of China to be patronizing and profit-driven, his supporters say China and the US need more "Tylers" to better understand each other.



## WHAT'S HOT?



### Locksmith Feeds Left-behind Cats

Yi Songshan, a locksmith in Wuhan, Hubei Province, has touched hearts online after rescuing more than 100 cats left home alone in the wake of the coronavirus pandemic. Due to the city's lockdown measures, many could not return home and sought Yi to unlock their doors to feed their starving cats. Yi told the Xinhua News Agency that while he's not a cat person, he respects all life. Netizens said that Yi's message was meaningful during the pandemic, which has killed hundreds of thousands of people worldwide.



### Sturgeon Guardian of the Yangtze

Yan Yucheng, a 27-year-old wildlife conservation officer in Changshu, Jiangsu Province, has won friends online for his work protecting seven Chinese sturgeons, a species on the verge of extinction. According to local media, last year authorities moved seven of the 20 known remaining Chinese sturgeons in the Yangtze River to a protection base that Yan manages. To better care for them, Yan has done extensive research and permanently moved into the base. Yan said he hoped that one day Chinese sturgeons could make a comeback in their native habitat.

## WHAT'S NOT?



### Heart Attack Sceptic Checks Web

Getting a second opinion isn't always the wisest idea. This was the lesson hopefully learned by a 28-year-old man surnamed Chen in Huai'an, Jiangsu Province. After a heavy drinking session, Chen was sent to hospital for chest pains and difficulty breathing. The attending physician told Chen he was having a major heart attack, but to his shock, Chen insisted on first checking his symptoms online to make sure. Despite his doctor pressing to begin emergency surgery, Chen reportedly spent 90 minutes searching medical websites before finally giving in when tests showed his heart cells were dying.



### Kissing Contests During Coronavirus

A furniture factory in Suzhou, Jiangsu Province drew ire online for holding a "kissing contest" on the first day of resumed production following the coronavirus lockdowns. The organiser reassured media that contestants were separated with a pane of sterilised glass and the light-hearted event intended to celebrate their return to work. Most netizens disagreed and worried that it would encourage lax attitudes towards pandemic controls.

SOME OF THE IMAGES USED IN THIS SECTION ARE FROM THE INTERNET



## Business

# The State-owned Squeeze

As State-owned enterprises won praise for their quick switch to mask production and mobilised support during the coronavirus pandemic, private sectors now fear a possible retrogression in SOE reforms – leaving them even less room to compete

By Zhang Xia

The world was in awe over the speed in which China built Huoshenshan Hospital. Workers completed the modular building for 1,000 beds in 10 days in January to contain the spread of the coronavirus in Wuhan, Hubei Province, the first epicentre of the Covid-19 pandemic. Behind was the rapid response and mobilisation of State-owned enterprises (SOEs), which kept excavators working day and night and construction supplies steadily flowing to Wuhan.

SOEs were mobilised during the country's anti-pandemic efforts to provide essential services from building hospitals and transporting materials to supplying daily necessities and personal protective equipment (PPE) such as masks.

SOEs shone in the crisis, showing that they could direct all their resources during an emergency. As China's domestic Covid-19 fight draws to a close, private companies are restarting production as demand grows again. However, they are also increasingly vigilant of the power SOEs wield and their new market shares.

## Rally and Rescue

SOEs came to the rescue in January as China scrambled for masks following the outbreak of Covid-19 just as production capacity plummeted. According to market consultancy China Industry Research Institute, 353 companies are licenced to produce surgical masks. But because the pandemic broke out while the country's workforce was home for the Spring Festival holidays, the lockdown orders compounded the challenge of starting up production and shutting down upstream and downstream companies essential to the supply chain. Working overtime and at full capacity, daily mask output was 8 million units. It was a tremendous gap in supply for a country with a population of 1.4 billion.

The State-owned Assets Supervision and Administration Commission of the State Council (SASAC) established a special work group in February mobilizing SOEs to ensure the supply of PPE and other medical equipment. Many SOEs, including military industrial firms

like China North Industries Group Corporation, oil companies like PetroChina and Sinopec, and heavy machinery and food enterprises stepped up to fill the gap, from supplying raw materials to equipment or technical support.

To ease shortages, for example, many SOEs began producing the melt-blown fabrics that medical-grade masks use to filter dust particles and airborne bacteria. PetroChina Petrochemical Research Institute took 15 days to R&D its own melt-blown materials and switch the machines to production. By February 28, PetroChina was making two tons a day. By February 29, the oil company had fired up its six fresh assembly lines. By March it added 21 more production lines for a total daily yield of 1.5 million masks.

Sinopec, originally a polypropylene (PP) producer in the upstream of the mask supply chain, also became involved in producing melt-blown materials, fabrics and masks to further guarantee supplies.

"We mobilised all our resources and channels to produce whatever the country needed, from masks, PPE, disinfectants, petroleum products and petrol at a moment's notice," said a manager from PetroChina who requested anonymity.

Sinopec and PetroChina gas stations are providing a new outlet for people to buy masks.

Thanks to these switches to mask production, by the end of February, the daily output of masks (both surgical and N95) rose to 116 million, 12 times the capacity on February 1, according to the National Development and Reform Commission (NDRC) on March 2.

Guo Peiyuan, founder of SynTao, a consultancy focused on corporate social responsibility, told *ChinaReport* that this "rescue operation" spotlighted the unique strengths of SOEs to function during an emergency, despite handling other products and services in normal times.

In an online forum held by Jilin University on March 8, Zhang Huiming, an economics professor from Fudan University, said that SOEs showed their competence including integrating resources and



risk tolerance amid the anti-pandemic efforts, whether in building hospitals or supplying PPE. Several experts commented that their performance showed the institutional advantages of SOEs under socialism.

## Excess Capacity

But gradually problems emerged. Huang Qunhui, director of the Institute of Economics at the Chinese Academy of Social Sciences, said that while the quick shift to mask production shows a sense of duty among SOEs, capacity changed as private enterprises rushed to the market.

By the end of March, daily mask output surpassed 200 million, reported All Weather TMT, a new media outlet focusing on technology.

Before the outbreak, that number was only 20 million, according to statistics from China's Ministry of Industry and Information Technology.

Meanwhile, demand both at home and abroad will gradually drop to previous levels as the pandemic comes under control in the next months. So where should the extra masks go?

An oversupply is already evident in falling mask prices. On some online platforms, the price of a single-use mask dropped from about 7 yuan (US\$1.10) in January and February to around 1 yuan (US\$0.14).

To encourage production, the NDRC pledged in February that the government would purchase excess masks as the pandemic ends. But most SOEs involved have not yet announced plans to absorb overcapacity or deal with their newly built assembly lines.

Meanwhile, some have called on SOEs to stop flocking to mask production, which is not their principal job, and to leave room for private companies.

According to Huang, the market should correct this problem. Market mechanisms work for both State-owned and private enterprises, so if producing masks remains profitable, SOEs could compete with private enterprises or return to their sectors and sell off their PPE assembly lines.

"It's all up to the companies' judgement of the market, which doesn't have to do with ownership," Huang said.

## Blurred Lines

The advantage SOEs had over private enterprises during the pandemic raised concerns about changes or even setbacks in ongoing market-oriented SOE reforms that aim to level the playing field regardless of ownership.

The past four decades saw tremendous effort from China to steer its sluggish SOEs into a market-oriented orbit with more autonomy, modern corporate hierarchies and mixed ownership reforms through injections of non-State capital.

But questions remain as how to ensure fair competition between



Face masks produced by China National Petroleum Corporation are now available at gas stations

PHOTO BY CHANG ZHENGLE

SOEs and private companies. Particularly, the specific functions of SOEs, a concern of private enterprises, have been vague.

SOEs play a complicated role. The central government expects them to shoulder social responsibilities during crises and remain competitive on the market at other times. For example, despite SOE contributions in coronavirus control efforts, Hong Bin, vice director of SASAC, said in February that the council would not adjust its economic goals set at the start of 2020. This means SOEs still

have an uphill battle to fight after the pandemic subsides.

"More often than not, SOEs are stuck in a dilemma too. They are always expected to be an all-round player, able to shift freely between multiple roles, controlling the country's economic lifelines or fully taking part in market competition, and wearing different hats at different times," a manager at an SOE who requested anonymity told *ChinaReport*.

But this vagueness means uncertainty for private enterprises, as SOEs from any field could enter their markets whenever deemed necessary, just as they did during the pandemic.

To address this problem, authorities proposed classifying SOEs between those that principally deal with public welfare and utilities (oil, electricity and gas), competitive markets (steel, food and automobiles) and a "mixed mission."

As early as 2011, Shao Ning, then vice director of SASAC, suggested that SOEs gradually adjust their focuses to either public welfare or making a profit to prevent abuse of their monopolies, and take on risk of bankruptcy and join in market competition more fairly.

In September 2015, the State Council released an SOE reform guideline that proposed dividing SOEs into two categories, "commercial" and "public welfare," for more targeted reforms and development. Commercial companies are divided further into those in competitive industries, and those in fields pertinent to national and economic security.

"Now the difficulty lies in categorizing SOEs with a mixed mission: What companies qualify and when should they serve the public or play a role in market competition? Reforms are hard to realise without answering these questions, and also mean uncertainty for private enterprises," Huang said.

As SOE reforms continue, there is concern and controversy over the development space for private enterprises, particularly in areas where SOEs have clear strengths and advantages. SOE classification would help to ease these concerns, a reason for the anticipation surrounding the upcoming three-year action plan for SOE reform, which aims to set goals and timetables and address unresolved issues.

Originally slated to roll out in the first quarter of 2020, the plan has been submitted for approval, Peng Huagang, secretary general of the NDRC, said at a press conference in April. ★



Health Code

# LIVING BY THE CODE

Health code apps developed for Covid-19 prevention and control are likely to be here to stay, although there is little integration of the patchwork of apps

By Xu Dawei



As the national focus has shifted towards getting the economy back up and running, local jurisdictions are turning to big data and apps to judge whether it is safe to downgrade risk levels and allow businesses to open.

Health code software, developed by internet companies including Alibaba and Tencent using their existing e-money apps Alipay and WeChat Pay and based on big data and digital technology, are in widespread use to determine whether people can return to work, travel cross-country or even enter a restaurant or bar.

The software generates a QR code which tracks whether the user has been in contact with people infected, or suspected of being infected, with Covid-19. The users input their personal details which generates a traffic-light QR code in green, yellow or red. Green means the person can move freely, yellow means medium risk which requires a seven-day quarantine, while red means high risk. This requires the user to undergo a 14-day quarantine.

The widespread take-up of the health code app has proven effective in tracking local transmissions of the virus and is helping block a second wave of infections. Nevertheless, criticisms and technical problems have surfaced.

## Data Integration

Shortly after the Spring Festival holiday, Hangzhou, capital of East China's Zhejiang Province with more than 10 million registered residents, was facing the challenge of the return of some 5.5 million workers from other parts of the country amid the need to balance virus prevention with reopening the economy.

On February 7, Zhou Jiangyong, Party secretary of the Hangzhou Municipal Party Committee, proposed at a routine epidemic prevention meeting that the city needed to develop a public health code system. A nine-strong team that had been recruited from the municipal economic trust committee, health committee, big data bureau and development and reform commission to construct a platform for the resumption of work was expanded into a task force of 100 people.

Four days later, Hangzhou's health code system was rolled out, developed with the assistance of Alibaba and Ant Financial and their Alipay mobile payment platform. Alibaba is headquartered in Hangzhou. On the first day, 1.34 million people signed up. It works by using big data to assign a Covid-19 health status. Green code holders are free to go anywhere, but yellow or red code holders are prohibited from travelling. But only two days later problems came to light, including sudden changes in a user's health status for no discernible reason. Users said that even though they had been at home all the time, their code suddenly switched to red. Others said the code repeatedly switched between red and yellow.

Zhang Zhongcan, deputy secretary of Hangzhou Municipal Party Committee, told *ChinaReport* that there were three indicators used by the health code to evaluate a person's status: where you had been, when and interpersonal relationships.

If you are in or have been to an epidemic area, or have been listed as confirmed virus-positive or if you have a high temperature, you will be assigned a red code. A yellow code is assigned to people who have self-reported symptoms such as fever, cough, fatigue, or have a record of symptoms. Everyone else gets a green code. Changing from red to yellow requires isolation for seven days, then after 14 days, the code changes to green.

"The moment you start using the health code app, its big data system starts countless calculations and comparisons," a member of the Hangzhou health code team who works in data quality told *ChinaReport* under condition of anonymity.

Those diagnosed with Covid-19 who have been under controlled isolation will have a red code. When a person's health code is declared, the system will automatically compare the identification of the applicant with the existing information in a pool of databases, which determines whether to issue the applicant a red code. The background system will also automatically compare the applicant's Alipay positioning data and the operator's positioning data, to make an evaluation. The more data the app has to draw on, the more accurate it will be.

Zhejiang Province has already launched an integrated database built on the health code system. According to a document titled "Principle for Zhejiang Health Code Management" obtained by *ChinaReport*, Zhejiang has used population, close contact and other databases to form a health code sharing database. Furthermore, the Zhejiang health code system platform is authorised to access information from population, corporate electronic licences, credit information and geographic information databases.

The health code database sharing structure is managed by the Zhejiang big data administration which allows access to other provincial departments.

## App Overlap

The cities leading the way in adopting health codes, including Shenzhen, where Alibaba tech rival Tencent is based, Hangzhou and Shanghai are pushing ahead with internal database integration to further the opening and sharing of data.

"Only shared data can generate greater value," Qi Tongjun, director of the data resources department of Hangzhou Data Resources Administration, told *ChinaReport* in late April. Qi said for example, sharing data from the Social Security Bureau with other city bureaus would better serve the public.

Hangzhou was able to capitalise on the health code system to integrate administrative data. Experts interviewed by *ChinaReport* said the launch of the health code system was tantamount to forcing governments to speed up data integration.

The health code system has become the standard method to track and prevent outbreaks of Covid-19, but the approach is not uniform. There are almost 100 health codes promoted by cities and provincial regions. In East China's Jiangsu Province, major cities like Suzhou,



Wuxi and Nanjing have their own apps, as well as one for the whole province. There is confusion about which app to use, as many overlap. In Hubei Province, where the pandemic started, you may need five or six different apps.

Zheng Lei, a professor at Fudan University's School of International Relations and Public Affairs, told the reporter that administrations around the country at different levels – provincial, municipal and county – have their own concerns about nationwide health code interoperability, as each local government is cautious when it comes to health code evaluations done by other provinces. Integrating systems involves trust, and each government body has a conservative attitude towards ensuring virus prevention and progressing mutual recognition of the health code generated by other provinces.

Yang Wenzhuang, director of the Population and Family Department of the National Health Commission, told *ChinaReport* there are three main reasons why health codes cannot be mutually recognised by different places. First, there are different standards for risk levels, response levels and prevention and control requirements in provincial regions. Also there are different standards for the generation of health codes, while health codes can only show the condition of the user at that specific moment. The health status afterwards cannot be secured simply on this basis. As the main technology developers behind the health code software, Alibaba and Tencent both used ElasticSearch, an industry-wide database system which powers applications with complex search features and requirements.

But since different regions have different requirements as the Covid-19 situation varies, the health code varies too. A red code in one area might not be red in another. For example, in Shaanxi Province, people who had close contact with confirmed patients in the past 14 days are assigned a red code, but Heilongjiang Province assigns a red code to those who had close contact with confirmed cases, suspected cases or asymptomatic cases.

While most parts of China have lowered their risk levels and it should be easier to integrate all the different health code apps, the challenge lies in barriers among codes across different provinces.

Qi Tongjun said that technology and standards are a superficial barrier to app integration, but the real barrier is the lack of willingness and determination to cooperate among government departments.

As of early May, provinces with large numbers of outgoing workers such as Guangdong, Zhejiang, Sichuan and Hunan have signed agreements on mutual recognition of health code certificates so work can resume.



A poster explains how people can check their travel status by scanning QR codes provided by their telecom operators, Beijing, May 11, 2020

At the national level, data sharing is also enhanced. According to the established “national integrated government service platform epidemic prevention and health information code interface standard,” each department in each province can check the national database of confirmed diagnoses, suspected cases and close contacts, as well as the county-level risk grade database.

On March 20, Mao Qun'an, director of the planning department of the National Health Commission, said at a State Council press conference that health codes in most parts of the country are mutually recognised, but there is a long way to go before there is a unified nationwide system.

## Upgrading Possibilities

As of March 16, the latest date for which data is available, the





A passenger shows a guard his health code at Wuchang Railway Station, Wuhan, Hubei Province, April 7, 2020

Tencent health code system based on WeChat Pay was rolled out in nearly 20 provincial regions, covering more than 300 cities and counties. Alibaba's rival system based on Alipay was in more than 200 cities in 24 provinces.

Local governments determine the algorithms and rules for setting up the health code system, while enterprises provide technical support. Zhang Mengxia from the Hangzhou health code team told *ChinaReport* that the government chose the Alipay and WeChat Pay platforms because of their already huge reach. For local governments, market coverage of the platform is a priority when launching public emergency services such as the health code system.

"In fact, the government doesn't want to give the data out," said Le Wenzhong, director of the big data centre in Longgang District, Shenzhen. Le told *ChinaReport* that the requirement for users to sign up to platforms using their real names is what appeals most to the government.

Professor Zhou Tao from the University of Electronic Science and Technology, told *ChinaReport* that internet giants such as Alibaba and Tencent expect to be able to capitalise on the health code system to lay out future chronic disease management and healthcare strategies.

Apart from the two dominant enterprises, other internet companies including Meituan and Baidu have joined with government departments to launch health code systems.

The final implementation of epidemic prevention and control policies are in the community, while internet companies are hoping to be able to access the community, and then obtain accurate community data through this opportunity. It is a "new portal" that internet giants have struggled to obtain.

In an interview with *ChinaReport*, Chen Dongping, president of Shenzhen Institute of Smart City and Big Data, questioned the wide dimension of health code data collection, saying it goes beyond the actual needs of epidemic prevention and control. In Chen's view, problems include lack of top-level design at the national level and lack of proper communication with the general public during the process of mandatory data collection. These all add to public concern over privacy leaks when private databases are adopted.

He Lingnan, deputy chief of the big data and communications lab at Sun Yat-sen University in Guangdong Province, told the *Global Times* in March that there has never been a large privacy leak in one of China's big tech companies. Beijing city officials said at a press conference in early March that the data held will become outdated eventually.

Local governments which invested administrative resources and money in the apps are considering how they can translate their investment into wider uses that will bring returns. On February 21, Hangzhou's health code system was connected with electronic health cards and social security cards, the first city to use health codes to access medical services.

Guangzhou has extended the provincial health code into lifelong identification certification, while Shanghai has expanded the health code into citizens' or enterprises' work, life, business and other behaviors to provide real time data services.

In Le Wenzhong's view, various identification certifications including health cards, electronic cards, social security cards and driver's licences now combine to give an entire portrait of the citizen. Although e-government nowadays allows these identity certificates to be paperless, in different scenarios, a person still needs to present different codes. The process is yet to be simplified.

In Le's vision, showing one QR code will be enough to fulfil diverse purposes including medical treatment, a driver's licence, school registration or bank business in the future. It can allow immediate access to the corresponding data for both the onsite service and background data operational work. This had been Le's vision for the future. However, the pandemic may lead to it coming true faster than people ever expected. ★



# FUTURE FOCUS

As China lifts the lockdowns, *ChinaReport* looks at the personal toll of the pandemic, and how the country is moving forward



Workers resume construction on a skyscraper in downtown Wuhan, Hubei Province, April 24





Medical supplies are uploaded to a cargo plane at Tianjin Binhai International Airport, April 17





Post Pandemic

# Long Road to Recovery

Months after their return home, many Covid-19 patients are still fighting to heal and get back to normal. But because of premature hospital discharges and lasting lung and kidney damage, for some the fight will be even harder

By Du Wei and Li Mingzi





PHOTO BY CHEN ZHUO

A Covid-19 patient is treated at Caidian District People's Hospital in Wuhan, Hubei Province, February 6, 2020

**W**u Jing, 31, was a nurse working at a tertiary hospital in Wuhan when she contracted Covid-19. Showing severe symptoms, she was hospitalised for 44 days – mostly in the ICU.

By the time she was discharged on February 19, Wu was so weak she had to undergo two months of physical rehab.

She does one hour of light exercise every day, but still gets short of breath with minimal exertion, like walking a little faster than normal.

Not counting imported cases from abroad, there were around 300 Covid-19 patients in Chinese hospitals as of April 22. Less than 100 were severe patients.

Like Wu, most of China's nearly 83,000 confirmed cases have since

left hospital. But for many, going home does not guarantee a smooth recovery.

### Hard to Breathe

Wu developed a high fever on December 27 and was taken to Wuhan Puren Hospital four days later. She was experiencing shortness of breath, and her health deteriorated over the following days. On January 4, she was transferred to Wuhan Jinyintan Hospital, a key hospital for treating Covid-19.

She was on a ventilator in the ICU for more than a month. Fortunately, her health improved, and she moved to a general ward on February 12. One week later she tested negative and was sent home.



However, her latest radiology report revealed severe lung damage: bronchiectasis and large blisters in both lungs. Her doctor prescribed daily oxygen therapy at home.

“I would gasp for breath when I walked. When I’m still, my oxygen saturation remains at 93 percent (normal level), but once I move it immediately drops to 80 percent,” she told *ChinaReport*. Shortness of breath is a problem for many former Covid-19 patients.

On April 1, our reporter met Li Qiang, a 56-year-old Covid-19 patient at the rehab clinic of Hubei Provincial Hospital of Traditional Chinese Medicine (TCM), the first established in Hubei for discharged Covid-19 patients.

Li arrived at Wuhan Sixth Hospital on January 18, five days after he first showed symptoms. He was discharged on February 10.

More than two months later, Li is still struggling to breathe. “I feel short of breath as soon as I quicken my pace,” Li said.

Before leaving hospital, Li said his doctor did not tell him about the lesions on his lungs. Li’s discharge report read there had been “evident improvement,” but during a follow-up exam on February 24, he was told the infections still covered a sizeable area of his lungs.

“I’m really confused about the hospital’s criteria for discharge. It’s so unclear. My radiology report just says there is ‘evident improvement’ to the lesions on my lungs, which meets the standards for discharge. But to what extent the lesions have healed isn’t clear,” Li told *ChinaReport*.

Lin Qiping had similar concerns about his mother’s hospital discharge on March 20. In early January, Lin’s mother, who is over 70, experienced severe shortness of breath. One day, her oxygen saturation dropped from 90 percent to 70 percent. She was diagnosed with Covid-19 on January 10 and hospitalised for over two months: 24 days in the ICU and then 44 days in a general ward.

The hospital told Lin’s mother that her discharge was “collectively decided by a group of experts.” “No severe cough, no fever, an evident improvement of respiratory symptoms,” her discharge report read.

“But my mother is still very weak. She has laboured breathing and often coughs up phlegm,” Lin said. “The doctor said that [X-rays] still show shadows in my mother’s lungs. It might take six months to a year to recover her lung function. If she doesn’t get better by then, it’s considered permanent damage.”

### ‘Substantial Improvement’

In interviews with *ChinaReport*, many patients shared the same doubts over hospital standards for discharge and have concerns about their health.

One said he was discharged a month earlier without receiving his radiology report. He still feels a chronic tightness in his chest. “I have to take a deep breath to feel better,” he said.

Another was informed that her lungs had improved, but she still



Professor Luo Fengming checks a CT image in an ICU ward at Wuhan Red Cross Hospital, February 28, 2020

quickly fatigues when she does housework. “I start breathing heavily hard every time I mop the floor or do something else,” she said.

According to the seventh edition of *Clinical Guidance for Covid-19 Pneumonia Diagnosis and Treatment* issued by the Chinese National Health Commission, criteria for discharge include normal body temperature for three days or more, significant improvement of respiratory symptoms, a substantial improvement of acute lesions and two consecutive nucleic acid tests.

But there is no clear consensus in the medical community on what qualifies as “substantial improvement.”

Zheng Ruiqiang, a member of the Chinese National Health Commission and director of the ICU of the Subei People’s Hospital of Jiangsu Province, said that a radiology report showing at least 50 percent improvement is substantial enough.

Hospitals in Shenzhen follow the city’s own treatment guideline, which defines it as a 50 percent reduction of lesion area or 50 percent decrease in lesion density.

But many doctors said that vague discharge criteria could lead to misdiagnoses.

Speaking to *ChinaReport* on condition of anonymity, a doctor at a designated Covid-19 hospital in Wuhan said that many patients at the time of discharge still had problems with breathing and walking. Some, he observed, showed no obvious signs of recovery. Such loose standards put discharged patients at risk of experiencing more severe symptoms than those newly hospitalised.

Guo Wei, an associate senior physician at the department of infectious disease, Tongji Hospital, Huazhong University of Science





PHOTO BY CHEN ZHUO

& Technology, said that “substantial improvement of lesions” is not a reliable metric.

“The extent of improvement varies from person to person, which is too hard to quantify and depends solely on a doctor’s judgement,” Guo said.

Guo said that recovery of lung functionality is a more quantifiable indicator. “Before patients leave hospital, we should make sure they do not need daily oxygen therapy and their oxygen saturation should be 95 percent or above,” Guo told *ChinaReport*.

He added that in early February, lack of beds and overcrowding forced hospitals to loosen their standards for discharge. Many patients like Wu Jing were sent home, even though their oxygen saturation was still low and unstable.

## Rehab and Treatment

On March 16, Wu Jing went for a follow-up at the rehab clinic of Hubei Provincial Hospital of TCM. Her husband kept her company as she walked on a treadmill for six minutes.

By the third minute, her oxygen saturation dropped to 90 percent and her average respiratory rate was 25 breaths per minute. The normal rate of an adult is 12 to 20.

“I was so exhausted that I was panting like mad. It felt like I had just ran an 800-metre race,” Wu said.

But after 15 days of physical rehab, a second walking test did not show any improvement in her endurance.

“The virus has caused lung structure damage, which is very difficult to recover from fully,” Ke Jia, senior pulmonologist at the Hubei

Provincial Hospital of TCM, told *ChinaReport*.

“But since the lesions on her lungs are not large, there’s a chance that her lung function would mostly return to normal if she continues with rehab.”

The Shanghai Public Health Clinic Centre has discharged 370 Covid-19 patients. The centre opened a rehab clinic after its first patient left hospital. Most discharged patients have visited the clinic for follow-up treatment.

Lu Hongzhou, Party Secretary of the Shanghai Public Health Clinic Centre, points out that most patients with milder symptoms recover quickly and those with moderate symptoms recover within weeks. However, severe patients, who account for 5 percent of the total, have developed pulmonary fibrosis and could take years to heal.

Besides pulmonary dysfunction, many discharged patients reported changes in their senses of smell and taste and showed abnormal blood glucose levels.

“Normally, we can use medications to restore the patient’s blood glucose levels, but now even after four or more medications, they still don’t work,” Xiao Mingzhong, a physician at the department of infectious diseases, Hubei Provincial Hospital of TCM and head of the hospital’s rehab centre, told *ChinaReport*.

“Our solution is to adopt multi-disciplinary treatment – apart from letting our patients undergo rehab treatment, we enlist an endocrinologist to bring their blood glucose levels under control,” Xiao told *ChinaReport*.

Kidney dysfunction is also a common symptom among many Covid-19 patients.

Zheng Xia, an ICU physician at the First Affiliated Hospital of Zhejiang Medical College, was transferred to Wuhan Jinyintan Hospital as part of the Zhejiang medical team on January 23. She returned to Zhejiang on April 3.

During her first days at Wuhan Jinyintan Hospital in January, Zheng found that four out of the six patients in her care showed a conspicuous spike in serum creatinine, an indicator of kidney dysfunction.

In the early phases of the disease, pulmonary dysfunction and metabolic acidosis (acid accumulation in the body) from kidney lesions could be fatal. In later phases, however, many patients recovered from kidney dysfunction with treatments such as hormone therapy.

“But we’re still uncertain whether it is the virus or the lack of oxygen that causes the kidney damage,” she said.

“Our current understanding of Covid-19 is still superficial. There are too many unknowns,” Zheng told *ChinaReport*. “Hormone treatments for Covid-19 patients haven’t been as widely adopted as they were during SARS in 2003. But there are many patients undergoing long-term hormone therapy, the side effects of which still need observation,” she added. ★



# Healing the Mental Wounds

As more Covid-19 patients are recovering and the disease is gradually being brought under control, society is just beginning to deal with the psychological trauma of the past months

By Liu Yuanhang

A man scatters flowers for the dead at Qingming Festival, the day China traditionally mourns the deceased, Wuhan, April 4, 2020

PHOTO BY IC



**A**t 4pm on April 5, a long line still snaked outside the outpatient clinic of the mental health centre of Wuhan University People's Hospital. Liu Zhongchun, director of the centre and head of the psychological crisis intervention group on prevention and control of Covid-19 in Hubei Province, said that even from the end of January, an unprecedented number of patients had sought counselling or medical help over psychological trauma due to the Covid-19 pandemic.

"The emergency treatment phase has already ended... for the next two weeks, we are going to refocus our efforts on local communities to start our psychological interventions at the community level," Liu told *ChinaReport*. "Follow-up interventions should be led by the government and society, rather than just us."

Compared with the SARS epidemic in 2003 and the Wenchuan earthquake in 2008, the provision of mental health services and counselling for people suffering from stress due to Covid-19 is more organised and was better prepared for. The long, strict quarantine in Hubei Province and the worry over whether the disease would break out again have manifested in deeper and more widespread effects, posing more challenges for those helping people to rebuild their lives.

## Public Memorial Day

February 7 was a key moment in the mind of psychologist Du Mingjun. That day, Li Wenliang, the doctor who tried to raise awareness of the novel coronavirus in late December, died of Covid-19, and the public was distressed. The pandemic in Hubei was at its peak, and people were anxious, angry, depressed and panicked. During the 14 days from January 23 to February 5 as Wuhan was locked down, the counselling hotline received over 500 calls.

The second moment, Du said, came on April 4, this year's Qingming Festival which is also known as Tomb Sweeping Day, when families usually gather to remember their deceased loved ones. Call volume to the counselling hotline had gradually decreased, particularly since early April. During the first 10 days of March, there were 285 calls, an average of less than 30 per day. By the beginning of April, the number of daily calls had dropped to 20.

"The Qingming Festival as a public memorial day provided an opportunity for psychological relief for society," Du said.

The focus, now that the risk of the disease has lessened, is to treat those with post-traumatic stress disorder (PTSD) and to provide bereavement counselling. Those requiring help include surviving patients, family members who lost their loved ones and healthcare workers.

Du said that while one may rely on personal strength for support, society provides an external support system too. If an individual experiences psychological collapse, they need social support.

Psychotherapists should be able to stimulate the internal potential of an individual, but they also need other support from the government and communities, as well as society. While Wuhan started easing its lockdown on April 8, control and monitoring at the community level were not loosened, and the psychological fallout is still to come.

## Survivor's Sorrow

When Li Jianguo was notified of his son's death from Covid-19, it was already a month since he died. His son was divorced, a healthy 40-year-old. After his son was diagnosed with the disease, Li took care of him, asking other family members, including his own wife and granddaughter, to move away.

But then Li was also infected, and father and son were admitted to intensive care on different floors in the same hospital. In his last conversation with his father, Li's son said he thought he was going to die and asked his father to come to him. But Li was in bad shape himself, so his wife chose not to tell him their son had died until a month later, when Li was out of danger.

Li was heartbroken. He felt anger towards his wife for not telling the truth earlier, but he started to come to terms with her decision. He had moments of extreme grief, like when the vehicle taking him from hospital to a rehabilitation facility passed near his home.

On March 31, after a 14-day quarantine, Li was allowed home. Du Mingjun visited Li twice in the rehab centre for psychological crisis intervention. Li talked of his fear of going home and having to see his son's belongings.

Du said that Li's situation was worse than some, as he had also been infected and was facing survivor's guilt. "Surviving family members feel guilty and blame themselves for not being able to take care of the others. Especially older people, they are even willing to die to save their children's lives," he said.

Li Jianguo is 70, and his son has left a daughter who is not yet 10. He was unprepared for the sudden loss of his son. The pandemic means people are not able to say a proper farewell to their loved ones, Du said. For most, it is a short call from an ICU or the moment the ambulance leaves for the hospital with their loved one on board.

Many bereaved relatives are unable to accept their loss, or they hide their sorrow. Du said the first step is to guide the bereaved to face reality, release their emotions before moving on to relieving their remorse or feelings of responsibility for the death.

## Trauma of Health Workers

Liu Zhongchun has noticed more healthcare workers coming to seek therapy. Once they had time to stop and think, the stress of what they had been through started to surface.

The weeks of intense work left some medical workers with PTSD.



Even though they are no longer treating and caring for Covid-19 patients, they still wake up suddenly. “We have [fight-or-flight hormone] norepinephrine in our bodies, and during the worst stage of the epidemic, healthcare workers were driven by nervous energy since there was no other outlet. But you can’t go on like this for more than one or two months. They need time to rest and recover from the exhaustion. Otherwise they may never recover or they will experience burnout from the psychological perspective,” Liu said.

Since the outbreak of the pandemic, Liu has maintained close contact with his colleagues all over the country, and cooperated in publishing academic papers in professional journals abroad, sharing the experience from Wuhan with medical counterparts all over the world.

In an article co-authored by Liu published in the *Journal of the American Medical Association*, researchers surveyed 1,257 healthcare workers in Hubei, summarizing common psychological symptoms, including stress (50 percent), anxiety (44.6 percent), insomnia (34 percent and psychological distress (71 percent).

Among them, medical staff in Wuhan were more prone to psychological pressure, while female medical staff and those with senior titles faced more pressure.

The sources of stress are multiple. Witnessing a large number of deaths every day creates a sense of not being in control. The continued spread of the virus extends to personal concerns about themselves and the safety of their families. In addition, the temporary changes in the working environment and content, as well as the state of isolation, can all become the source of psychological problems, requiring timely crisis intervention, otherwise problems may recur.

Doctor Li Qiguang, from the Department of Psychosomatic Medicine of Shaanxi Mental Health Centre, was part of the first psychological assistance medical team dispatched from Shaanxi Province to Wuhan. On February 24, he arrived in Wuhan with his colleagues and was assigned to Wuchang Hospital.

Unlike other medical teams whose main focus was the psychological needs of Covid-19 patients, Li Qiguang and his team devoted two-thirds of their energy to doctors and nurses at Wuchang Hospital. He said all the medical staff at the hospital were under great pressure and were generally feeling depressed.

General crisis interventions require 10 to 12 courses of treatment, but due to the circumstances, time was limited and treatment was shortened to three to five sessions. More often than doctors, nursing teams, the majority of them women, displayed higher psychological needs. Every day they had to cope with arduous work and witnessed frequent deaths.

## Return to Society

The community has become the focus of Liu Zhongchun’s recent work. Psychological consultants are trained by professional psychiatrists and stationed in different communities to provide psychological counselling to residents and rehabilitation patients who are in need. This model is being developed in 13 streets of Wuchang District in Wuhan and is planned to be rolled out in other areas.

“Those who know the local situation best are community workers and volunteers who play an important role in our psychological intervention. The psychological consultant, though stationed in a community, may receive no patients, and the consultant needs help from a social worker to promote the connection with the local community,” Liu told *ChinaReport*.

Recovered patients themselves may also develop PTSD, and if there is no prompt intervention, the symptoms may repeat time and again. Du recently treated a male patient in his early 30s who had developed obvious PTSD symptoms. After his recovery from Covid-19, the patient was irritable and developed violent tendencies, to the extent that he was self-harming and harming those around him.

He saw fragments of memory in his mind. He claimed to have almost died three times during his treatment. The first was when he was in the ambulance on his way to hospital. There were no beds, so he had to lie on the floor, and although his mother pleaded to admit him, he ended up walking home with her. The second time was when he went to the hospital to get an IV, and was terrified when he saw his blood leaking out. The third time was after he was finally hospitalised. He was sure he would only last at most two more days. Although he pulled through, those flashes of memory haunted him.

During the treatment, Du tried to let the patient realise his fears were temporary, and that while it was important to vent, he should not put himself or others in danger.

More generally, many patients have a sense of panic about how to go back to normal life. Liu Zhongchun has communicated with some patients and community workers, and discovered that some patients who have recovered are unwilling to go home, worrying about discrimination, if their neighbours will feel nervous, or that they are not fully recovered so their return might jeopardise their family. There are also a few occasions when patients were ready to go home, but their family was reluctant to let them.

There is still uncertainty over people’s understanding about the ramifications of the pandemic, and this poses more difficulties for doctors like Du and Liu when they are trying to give psychological guidance. ★





PHOTO BY CHINA NEWS SERVICE

Post Pandemic

# Reviving Wuhan

A worker disinfects a high-speed train at a maintenance centre in Wuhan, Hubei Province, April 7, 2020

In the post-epidemic period, Wuhan is being encouraged to switch its focus to emerging and high-tech industries to bolster its economy and improve livelihoods, amid warnings of unemployment and bankruptcies

By He Bin and Zhao Yiwei

**O**n April 8, China eased the lockdown in Wuhan, capital of Hubei Province, which had been at the centre of the outbreak of the novel coronavirus after a siege of 76 days, allowing outbound travel for the first time, with strict controls. On May 2, the province downgraded its emergency response level from the highest to the second-highest, coinciding with the five-day May Day holidays.

After taking an enormous economic hit, Wuhan authorities released a package of preferential policies to attract businesses and investment to inject more stimulus into the city's economy. An on-line investment fair held to mark the easing of restrictions on April 8 saw 69 major projects inked with a focus on smart manufacturing, biological medicine, financial insurance and electric vehicles, attracting investments of 245 billion yuan (US\$34.6b).

The number of confirmed cases in Wuhan began to drop in early March, allowing authorities to prioritise work resumption with strict safety guidelines. On March 11, Wuhan issued a circular allowing enterprises involved in the national economy and people's livelihoods, such as agricultural production and disaster prevention to resume production. Other enterprises that have an impact on national and global industrial chains were allowed to restart on condition that safeguards were in place.

## Work Resumption

Dongfeng Automobile Parts Enterprise was one of the first companies in Wuhan to resume. After the plant was granted permission, He Wei, head of the enterprise, went to the factory and sent out products which had been in storage for more than two months. "It cost us



29,900 yuan (US\$4,222) in delivery fees, nearly five times higher than normal,” he told *ChinaReport*.

He said he felt lucky because if work resumed even 10 days later, the economic losses would have been enormous. “I wasn’t afraid of the lockdown. I was worried most about the different times the lockdowns were ended [in different places],” he said. One company in Wenzhou, Zhejiang Province had cancelled its orders because it resumed work earlier. The pandemic had caused unprecedented pressure he had not seen since the global financial crisis of 2008.

Work resumption in Wuhan was postponed several times. Han Leming (pseudonym), a member of the People’s Political Consultative Conference of Wuhan Economic and Technological Development Zone, is in frequent contact with local enterprises and is fully aware of the epidemic’s impact on businesses. “About 30 to 60 percent of enterprises are facing bankruptcy due to lack of orders since the epidemic started,” he said.

According to a survey conducted by Luo Zhi, director of Wuhan University’s New Private Enterprise Economy Research Centre, more than 97 percent of enterprises in Wuhan completely or partially halted production during the epidemic, 57 percent of enterprises are on the brink of bankruptcy, and 40 percent of enterprises have seen their market share decline. She delivered a report to the local government which cautioned that “More than half of the city’s small- and medium-sized enterprises (SMEs) are likely to be closed if work resumption is later than late March.”

Enterprises above a designated size in Wuhan resumed work earlier than SMEs. Designated size in China means firms with an annual revenue of 20 million yuan (US\$2.82m). “Work resumption rate is not the same as production resumption rate. Many enterprises which have resumed work have not started production at full capacity,” Han said. He added that there are many factors affecting the work resumption rate, including declining orders and higher logistics costs.

“During the lockdown, enterprises were eager to start back up, and every day many applied to resume, but not all of them could be approved,” said Qian Deping, deputy director of the Construction Management Office of the Wuhan National Bio-industry Base, also known as Biolake.

Occupying an area of 518 square kilometres, Biolake is home to 100,000 enterprises in eight key sectors, including opto-electronic information, biological medicine and high-end equipment manufacturing. Even after Biolake firms reopened, they faced problems including staff shortages and a lack of orders.

“The epidemic is the biggest crisis and challenge for me since



Workers have lunch while seated 1.5 metres apart at a Honda vehicle assembly line in Wuhan, Hubei Province, March 25, 2020

PHOTO BY TAO RAN

I established the company,” Yi Kaijun, general manager of Hongshi Technology, told *ChinaReport*. “We pretty much halted production during the epidemic. Orders worth at least 150 million yuan (US\$21m) were affected and our sales volume dropped by 80 percent year-on-year.”

Hongshi is one of the few suppliers of iris recognition chips in the world. During the epidemic, the company invented a smart community epidemic prevention system based on its iris recognition technology.

“Except for anti-epidemic products, sales of products on other assembly lines were seriously affected,” he said. Because of difficulties in the supply chain and logistics, orders placed before the Chinese New Year in January could not be manufactured, and now there are no new orders.

The global spread of the pandemic has affected international supply chains and logistics, making it more difficult for SMEs to resume production. “We need special raw materials and reagents from abroad but the logistics are the main hindrance now,” Wu Ke, CEO of vaccine developer BravoVax, told *ChinaReport*.

As of April 3, all enterprises above the designated size at Biolake have resumed production, and close to half of SMEs have resumed production, mainly in the area of epidemic prevention.

## Brain Drain

Wuhan is home to nearly 90 universities, 100 research institutes and more than 1.3 million college students. It has prioritised the knowledge economy, including encouraging graduates to remain in the city, giving it access to a large pool of talent. This allowed it to establish leading institutions and enterprises in strategic and technology-intensive industries.

Wuhan has four of the first 66 national strategic emerging industry clusters, the city with most clusters nationwide. Wuhan geospatial information and its application innovation service cluster have been



added to the list of national innovative industrial clusters.

“Industry hinges on technology. The economy hinges on industry. Overall strength hinges on the economy,” said Wu Chuanqing, deputy director of the China Institute of Development Strategy and Planning at Wuhan University.

According to Wuhan Mayor Zhou Xianwang, more than 5 million people had left the city before the lockdown on January 23. In the meantime, more second-tier cities introduced new preferential policies during the epidemic to attract skilled professionals, placing Wuhan in an awkward situation.

“Biolake has many high-tech enterprises and the skilled workforce plays a crucial role. If there’s a brain drain, there’s really no way out for enterprises,” said Qian Deping, deputy director of Biolake’s Construction Management Office.

Qian said that Wuhan, which sits astride the middle reaches of the Yangtze River in Central China, is only several hundred kilometres away from several other major cities, such as Zhengzhou in Henan Province. It only takes one or two hours to reach them on a bullet train. Despite being a transportation and industrial hub, the average annual income in Wuhan is relatively low in comparison with coastal cities and even not more attractive than its neighbouring cities such as Zhengzhou, so staying in the city is not the first choice for many Wuhan graduates. After the virus, he said, the brain drain is likely to accelerate.

Wu Chuanqing is more optimistic. He argued that Wuhan has its own strengths which are irreplaceable, such as the photoelectronic industry, the Beidou satellite navigation system, China’s answer to GPS, and biotechnology. “Investors cast their eyes at Wuhan because of its strength in science and technology and supporting industrial advantages,” he said. “They are not likely to leave simply because of the two-month lockdown.”

According to Peng Zhimin, a researcher with the Hubei Academy of Social Sciences, the emerging economy driven by the internet, 5G, artificial intelligence and the Internet of Things has become a priority for a growing number of provinces across the country, yet there is a noticeable digital divide among provincial regions.

“Most leading high-tech enterprises are in the first-tier cities of Beijing, Shanghai, Guangzhou and Shenzhen because these cities have obvious advantages in infrastructure, financial investment and more attractive talent policies,” he said. “There are few universities in Shenzhen, but the innovation capabilities of enterprises are very strong. The main reason for its success is the ability to attract talent from all over the country and even internationally.”

Peng argued that after the epidemic, economic development in Wuhan should switch its focus to emerging industries so it is not outpaced by other provinces.

## Livelihood

Data from the Wuhan Bureau of Statistics shows that the city’s general public budget revenue in January and February of 2020 was 53.86 billion yuan (US\$7.6b), a decrease of 31.8 percent year-on-year. According to Luo Zhi, director of Wuhan University’s New Private Enterprise Economy Research Centre, the lockdown in Wuhan has exerted a great negative impact on the local economy, even though there is no official data. She has studied GDP losses due to the lockdown as well as losses to the manufacturing and the services sector in the city.

Luo argued that the lockdown has caused a noticeable decline in household and government consumption, capital formation and exports. She estimated that at best, GDP losses will be 241.8 billion yuan (US\$34b) and the worst-case scenario will be losses of 341.8 billion yuan (US\$48b).

On April 10, Wuhan held another online promotion event for 100 key projects including electronic information, automobile manufacturing and modern services with a total investment of 187 billion yuan (US\$26.4b).

Luo does not advise the government to spur GDP growth simply through investment because this will have no effect on bankruptcy and unemployment in the long term. The dining sector has been hard hit, and it will take a long time to recover.

In March, nearly 100 restaurant owners in Wuhan delivered a public letter to the government appealing for help. The letter stated that 95 percent of small and mid-sized restaurants in the city are suffering losses or are on the brink of going into the red. It proposed several methods to help, including rent reductions, subsidies to employees, loans with discounted interest and the issuance of consumption vouchers.

Luo said Wuhan has a population of 14 million, and if each person was given a voucher for 1,000 yuan (US\$141), it would drive a consumption of 23.9 billion yuan (US\$3.4b). She added that the government should prioritise public livelihoods and protect enterprises by cutting the unemployment rate and shielding businesses from bankruptcy, while stimulating consumption to shore up public confidence.

“No matter how beautiful the GDP figure looks, the public will lose faith in the local economy if unemployment is rampant,” she said. ★



Post Pandemic

# Global Rollback

In the post-pandemic world, globalisation may regress to pre-1980s levels, a time when countries emphasised the importance of national security and economic sovereignty, says a leading expert

By Li Ruijia



Zheng Yongnian

According to the latest data from the National Bureau of Statistics on April 17, the Chinese mainland economy shrank by 6.8 percent in the first quarter of 2020, its first contraction since 1992, as production and spending were frozen by the country's coronavirus lockdown. Among all sectors, manufacturing suffered the most, down by 9.6 percent.

But as most lockdown measures gradually lift across China, the mainland economy is expected to bounce back later this year, putting it in a more favourable position compared to other major countries still battling the coronavirus.

The US, which now has the world's most infections with more than 1.2 million cases, witnessed a 4.8 percent drop in its economy in the

first quarter. As the pandemic rages, the US Congressional Budget Office estimated that the US economy could shrink by as much as 40 percent in the second quarter.

Besides economic damages, the pandemic has stirred political hostilities around the world, especially between the US and China as the Trump administration repeatedly blamed China for the coronavirus outbreak. This has triggered a heated debate about what the world will be like in the post-pandemic world, with many expecting decoupling between the US and China and a reversal of globalisation.

*ChinaReport* spoke with Zheng Yongnian, a professor and director of the East Asian Institute at National University of Singapore, and the author of *Mega Trends – Next Steps of China*, for his insights over the pandemic's impact of both China and the global geopolitical and economic landscape.

**ChinaReport:** China recently began lifting lockdowns and resuming industrial production. Do you think the Chinese government should do more to rescue the economy?

**Zheng Yongnian:** The pandemic's impact is disproportionately greater on the working class and small businesses. The government's countermeasures should focus on them. So far, the Chinese government has refrained from directly offering cash handouts to help them cope with the crisis. Instead, local governments have resorted to offering retail discount coupons. The rationale is that retail coupons would boost consumption, while cash handouts may end up in saving accounts. But I think direct cash support is still important. Even if some funds end up in people's saving accounts, it would help boost society's overall confidence and ease economic anxiety.

In addition, the government should strengthen its support of small businesses, which are the backbone of China's middle class. Besides



tax reductions, the government should consider a variety of policy tools including tax exemptions, fee waivers and favourable loans.

**CR:** What are your insights into the economic measures taken by Western countries in dealing with the pandemic's impact?

**ZYN:** Generally speaking, many Western countries have resorted to printing money and quantitative easing. While this can solve short-term problems, it doesn't address the fundamental problems behind the crisis. Injecting vast amounts of money into their economies will cause long-term issues such as inflation. As the pandemic looks set to continue for months, if not years, all affected countries should prepare for a prolonged period of economic difficulty. Even if the pandemic is effectively contained, it would take quite some time for economic activities to recover. I think many countries will witness some major crises in the next couple of years.

**CR:** Do you think the pandemic will cause a reverse in globalisation?

**ZYN:** What we are talking about is the globalisation following the 1980s, which I believe has come to a dead end. Globalisation may regress to pre-1980s levels and become more limited. This type of limited globalisation is founded on economic sovereignty, and will have two major differences.

Many countries will localise industries relevant to national security, particularly in the health sector. For example, the US relies on China for about 80 percent of its medical equipment and 97 percent of antibiotics. In the pandemic's aftermath, the production of essential medical equipment such as masks, personal protection equipment and ventilators will be among the first to localise. Also, countries will work to diversify their supply chain to avoid putting all their eggs in one basket.

We don't have to be too concerned about the transformation of globalisation. This transformation is a rational response to the pandemic, and limited globalisation is actually in the interests of all countries, including China.

**CR:** Does that mean an undermining of China's role in the global supply chain?

**ZYN:** In the short term, the pandemic will severely damage China's economy. But the robustness of China's economy stems from the fact that China almost has a comprehensive manufacturing sector, which will help mitigate the damage. If Western firms in a certain industry left China in the pandemic's aftermath and disrupted the supply chain, Chinese firms would easily replace them. This would become a driving force for Chinese companies to invest more in technological research. In the long term, we could see more Chinese companies transfer from their roles as outsourcing providers for parts and assembly partners to producers of final products.

I don't think the pandemic will put an end to globalisation in a more general sense, nor will it cripple economic ties between China and the West. With labour and land costs rising in recent years, China may be less attractive in terms of production costs. But what attracts Western companies most is not just the low production costs, but China's vast consumer market.

**CR:** In the past weeks, many US politicians blamed China for the coronavirus outbreaks in their country, which Chinese diplomats rebutted. How do you perceive the apparent rising political animosity between China and the US?

**ZYN:** Indeed, since the Covid-19 outbreak, there has been rising anti-China sentiment in many Western countries. When the pandemic is effectively contained and there is a drop in demand for medical supplies from China, China-bashing could intensify. But I think China should respond to these sentiments with actions, not words.

With great resolution, China has contained the spread of the coronavirus, and is now gradually reopening its economy. China is now providing medical equipment to over 100 countries, which is a remarkable achievement.

But in response to criticism from the West, the Chinese government should not adopt a tit-for-tat approach. If China puts its focus on responding to every accusation from the West, it may be counter-productive, as all of its efforts could be discredited amid rising political animosity.

China should stay confident and keep calm. Given the humanitarian crises caused by Covid-19, it's time for China to play its role as a major responsible country. By doing so, China should minimise its political considerations of supporting other countries and focus on humanitarian need. That is the best way to forge ahead.

**CR:** Some experts project that as the US withdraws from global leadership, China will gain more influence in the post-pandemic world. Do you agree with this observation?

**ZTN:** Despite all its achievements, China still lacks the power of discourse for the West to accept and appreciate China's efforts. China needs to have a value system acceptable to the West.

While many people talk about the so-called decline of American leadership, what they mean is the decline of US soft power. As the US withdraws from the role of a global leader during the pandemic, it is perceived that the US has reduced its international response. This does not mean the decline of US hard power. History shows that the hard power of the US, including its economic and military power, increases after major international crises.

As the West continues to take a guarded stance towards China, the country should not be complacent. On the contrary, it should be prepared for a more difficult relationship with the US in the post-pandemic world. ★



Sexual Abuse

# AN AGE-OLD PROBLEM

A high-profile case involving a teenage girl, her guardian and accusations of rape has forced a nationwide conversation about the sexual abuse of minors, China's age of consent and protective laws

By Xie Ying

An ongoing case involving a teenager who claimed her foster father, 48-year-old lawyer and former oil company executive Bao Yuming, had raped her for years has triggered an emotional debate on social media, not only about justice for victims of child sexual abuse, but also issues surrounding China's legal definition of consensual sex.

According to initial reports, the alleged victim, Xingxing (pseudonym), had previously filed police reports in Beijing and Yantai, Shandong Province against Bao, but was ultimately turned away for lack of evidence. In despair, she attempted suicide several times.

But online outrage boiled over on April

12 following a *Caixin* report on Xingxing's plight. Critics slammed the Chinese news outlet for victim-shaming and biased reportage, namely Bao's claims of a romantic relationship – based on online chat records he provided – without presenting Xingxing's position or comments from her lawyer.

The *Caixin* reporter further caught flak on social media for suggesting on her WeChat account that Xingxing took Bao as her “sugar daddy” and went to the press to extort him.

*Caixin* took down the article from its website the same day and issued an apology on April 13, calling the article “biased” and “insufficiently sourced.”

According to police reports, Xingxing, now

18, said Bao began abusing her soon after she turned 14. Bao is licenced to practise law in China and the US, which raised speculation online that he deliberately waited to begin his alleged abuse until Xingxing reached 14, the minimum age for consensual sex.

China considers a legal adult to be 18.

Lü Xiaoquan, Xingxing's attorney, said the case particularly spotlights controversy surrounding China's age of consent. “It is at the root of Xingxing's case,” Lü told *China Report*. “And the verdict depends on how we define and understand ‘consensual.’”

## The Exposé

Xingxing's mother was introduced to





PHOTO BY VCG

Bao through an online friend in 2015 as a romantic partner, according to *Nanfengchuang*, the Beijing-based news magazine that first reported on the case in early April. Bao declined the magazine's request for an interview.

The article read that Xingxing's mother was reluctant to enter into a relationship with Bao because of his age but was touched by Bao's care for her and Xingxing. Considering his success, Xingxing's mother said she had believed that Bao could provide her daughter with a better life and education.

She eventually allowed Bao to foster Xingxing, who moved into his Beijing home when she was 13. The guardianship was informal,

as Chinese law says an unmarried man must be at least 40 years older than the female minor he is adopting. Bao is 30 years older than Xingxing.

Xingxing told *Nanfengchuang* that Bao raped her on New Year's Eve 2015, beginning years of sexual abuse. Xingxing claimed Bao had forced her to have sex, pose naked for photos and watch child pornography.

In 2016, Bao and Xingxing moved to Yantai, Shandong Province, where Bao served as vice president of Chinese energy company Jereh Group. He would later become an adviser for telecom giant ZTE.

Following the *Nanfengchuang* report, Jereh Group ended its contract with Bao. ZTE

claimed that Bao had stepped down from their board voluntarily.

Soon after, Bao talked with *Nanfengchuang* through a spokesperson. He denied the accusations, claiming that he never intended to marry Xingxing's mother, who had pleaded with him to foster Xingxing.

He also said Xingxing was already over 14 when they first met and Xingxing's mother consented to their marriage once she reached the legal age, which is 20.

Bao maintained that he and Xingxing were in a consensual, romantic relationship, and Xingxing only reported him to police because he had refused her "excessive demands," without clarifying further.



## Nowhere to Turn

According to China's Criminal Law, sexual intercourse with a girl under 14 is considered child sexual abuse, regardless of circumstances. As Xingxing was over the age of consent police treated her report as a rape case.

According to *Nanfengchuang*, Xingxing first turned to Beijing police for help in 2016 after she consulted with an online doctor about "pain in her private parts," who told her that she might have been raped. According to police reports, an initial search of Bao's residence in Beijing revealed no evidence of rape, and the case was closed.

In April 2019, Xingxing turned to the police in Yantai following a suicide attempt. This time, she presented evidence including tissues containing her blood and Bao's semen, several photos and chat records that showed Bao's control over her. Police refused to take on her case, saying there was not enough evidence to press rape charges.

Xingxing again attempted suicide by jumping into a river. She was then sent to hospital where she was diagnosed with severe anxiety and post-traumatic stress disorder (PTSD). In October 2019, Yantai police reopened the case under pressure from Xingxing's first lawyer.

But Xingxing's current attorney Lü said their case still hinges on evidence proving that the sexual relationship was against Xingxing's will.

"I noticed that the case has led many people to blame the police for being indifferent and neglecting their duties. I have no idea whether there is some corruption involved [as some netizens claim], but in my experience collecting evidence in a rape case is truly difficult, especially when the victim did not report it immediately afterward," a former police officer in Shaanxi Province told *ChinaReport* on condition of anonymity.

"For example, it takes a lot of money and resources to verify chat records with online platforms," he said. "But if a 13-year-old was raped, settling such a case would be much easier," he added.

Media reports said that Xingxing once told police in Nanjing, Jiangsu Province, where she and her mother lived, that she was younger than her ID shows. Nanjing officers ordered Xingxing to undergo a bone ossification test to determine her age and visited her mother's midwife at her hometown, which verified her ID.

China's legal age of consent derives from a previous version of the Criminal Law on the rape of girls aged 14 and younger. In March 2002, China's Supreme People's Court and Supreme People's Procuratorate issued a supplementary rule that defined sex with a girl under 14 as rape no matter whether the sex was consensual or not.

In her blog in 2012, Chinese sexologist Li Yinhe commented on a case involving a 16-year-old boy who was sentenced to one year and three months in prison for having sex with his 13-year-old girlfriend. Li appealed for the courts to consider whether the sex was consensual instead of judging it based on age. She even suggested cancelling the age of consent.

"Compared to other countries, China's age of consent is low. It seems that China values children's rights as a sexual subject rather than merely regarding them as potential victims," she wrote. "We should feel proud that we are more advanced than Western countries in the legislation."

Xingxing's case, however, has reopened debate about adolescent sexuality.

Shao Mingyan, an associate professor of law at Beijing Union University, told *ChinaReport* that in his view, given China's laggard sex education and the later physical maturity of Asians compared to Westerners,

14 is not old enough for minors to have legal sexual autonomy.

In a commentary for news portal The Paper, contributor Zhu Guangxing wrote China's age of consent was "too low" for Chinese society. "The age of consent should match the sexual maturity and knowledge of the defined group... While in China, lack of sex education has made many minors ignorant of sex and its consequences," he wrote.

Jiemian, a news portal based in Shanghai, cited a study from the Sociology and Sex Education Research Centre, Chengdu University of Technology that says in some cases minors between 13 and 17 have trouble clearly refusing sex or even unknowingly consent to it because of lack of awareness or sex education. For similar reasons, Yuan Ningning, an associate professor at the Chinese University of Political Science and Law and expert on juvenile law, told Jiemian he supports raising the age of consent to 16.

## More Than A Number

Yet others believe that age is not the actual issue. "The age of consent was defined based on a wide range of cases, not a few individual cases. Given the rapid social development and changing attitudes towards sex, the age of consent should be lowered rather than raised even though there is need of revision," Wang Xiaoming, a retired law professor from Beijing Union University, told *ChinaReport*.

Hou Zhiming, deputy director of the Maple Women's Psychological Consulting Centre, a Beijing-based NGO that helps female victims of abuse, agrees. An experienced counsellor in sexual abuse cases, Hou said the ability of law enforcement to check and prove consent is key. Xingxing's repeated pleas to police for help are evidence she did not consent to a sexual relationship with Bao, she said.

"I admire Xingxing very much for her



courage to speak out and report the sexual abuse,” Hou said. “You know, this will end her affluent life with Bao, which I think proves that Xingxing hated her relationship with Bao and shows that age was not the issue here,” Hou added.

Li Yinhe agreed. She recently told *Legal Weekly*, a newspaper under the Committee of Political and Legal Affairs of the CPC Central Committee, that age of consent was not the issue in Xingxing’s case, since she has expressed her “unwillingness” to engage in sexual relations by going to the police.

“Many victims of sexual abuse did not have a strong reaction to the sexual abuse at first, but that does not mean that they consented to sex and were not hurt,” Hou said.

She cited a former case involving a 17-year-old girl who was raped by a local government official after they had met on the internet. “The girl was very quiet following the rape and she even waved goodbye to the official... but her mother noticed later that day that she spent much time taking a bath and crying in her own room,” she said. “Suspects often use a victim’s delayed reaction as a defence, so police have to be more discerning at collecting evidence,” she said.

“So far, there has been no evidence that proves Xingxing consented to the sexual relationship, and even it was consensual, we have to check if it was true or merely seemed like consent,” Lü told *ChinaReport*.

“We have to take many things into consideration, including her age, sexual awareness and physical condition... and how they got along with each other,” she added.

According to Lü, a Supreme People’s Court interpretation from 2013 should specifically protect Xingxing. It states a guardian who has sex with his ward aged 14 or older by taking advantage of his superior status, the minor’s isolation or helplessness, would be charged with rape.

Although Bao claims he and Xingxing were consensual lovers and did not have a foster father-daughter relationship, Lü said submitted evidence could prove a de facto guardianship between Bao and Xingxing.

### Lack of Protection

However, critics argue this interpretation is weaker than a formal law and burdens the victim with proving coercion.

In 2015, Chinese law expert Zhao Hejun wrote a commentary on isixiang.com, an idea-sharing website, criticizing Chinese laws regarding sexual abuse of minors as “too simple.”

According to Zhao, age of consent laws in many countries have hierarchical protections, or specific laws depending on age and situation, such as statutory rape.

However, China only has one interpretation, which according to experts is seldom enforced in court.

Interestingly, Bao agreed with Zhao. In a 2011 entry on his blog about sexual abuse, Bao concluded that China’s judicial system did not provide minor females with enough protection from sexual abuse.

Bao is now on bail and presenting his side on social media. On May 1, Bao posted on Sina Weibo “10 questions to Xingxing,” where he denied all of Xingxing’s claims again and accused her of filing false police reports. The next day, Bao posted a much harsher criticism of Xingxing, saying she is trying to frame him, blacken the name of law enforcement and divide netizen opinion.

While Bao’s posts have enraged many, they seem to have convinced a small minority online that now accuses Xingxing of playing for public sympathy to help sway her case and some doubted if she was plotting with her mother to extort a large settlement from Bao.

“[Society] is very harsh on girls. People often ignore the fact that Xingxing was a minor

when Bao had sex with her. We can’t demand that victims fit the law perfectly,” Hou said.

“We should always adhere to the ‘children first’ principle [according to the UN’s Convention on the Rights of the Child] when dealing with such cases, but few do,” she added.

Xingxing and her family have refused media interviews to prevent disturbance and secondary hurt. On April 30, a netizen who identified as Xingxing’s sister posted chat records from Xingxing that read she was cooperating with the investigation every day and on the brink of a nervous breakdown.

“I’ve submitted so much evidence to prove it was rape and the only thing I have left to prove myself is death,” the record read.

Li Ying, a lawyer who had previously served as counsel to Xingxing, told *ChinaReport* that the police had ignored Xingxing’s severe anxiety and trauma during their investigation. Officers repeatedly asked Xingxing to recall the sexual abuse while offering little to no guarantee of protection. While taking her statement, a policeman in Yantai even grabbed Xingxing by the neck as she claimed Bao had done. According to *Nanfengchuang*, Xingxing also hit her own head to force herself to continue with her statement.

“There should have been a gentler approach... and they at least should have had a policewoman take the statement,” Li said.

“If we do not have awareness and cannot provide an environment that values protecting and supporting minors, raising the age of consent to even 17 or 18 years old is meaningless,” Hou said.

Shao argued that changing the age of consent should hinge on having effective laws in place and prevailing societal attitudes. “[Age of consent] is a protective law, not a ‘prospective’ one. I mean, you can’t keep it low when so many other things are lagging,” he said. ★





Society

# OUTSIDE INSIGHT

Jerry Kowal, a popular American vlogger on Chinese social media, uses videos to document the Covid-19 outbreak in the US and help bridge cultural gaps. But as more Chinese-speaking foreigners cash in on the format with fawning praise for China, fatigued viewers may soon begin switching off

By Gu Xin and Yi Ziyi





PHOTO COURTESY OF THE INTERVIEWEE

Kowal talks about the pressure New York's medical workers have endured during the pandemic in a video uploaded to Bilibili on April 1, 2020

“Old Kowal is smiling a lot less recently,” is a common bullet comment on his videos uploaded to Bilibili, one of China's largest video-sharing platforms.

As the Covid-19 outbreak worsened in the US, Jerry Kowal's fans noticed the normally bright-eyed vlogger's expression had grown rather stern.

After posting his first video on Chinese social media in September 2017, the now 29-year-old Chinese-speaking New Yorker is one of the most popular foreign content creators on Chinese social media. Last year his channel “I am Jerry Kowal” was listed among the Top 100 Creators on Bilibili. He has 4.92 million followers on the platform while his videos, 382 so far, have 480 million views.

Kowal's influence has grown even more in recent months as he

follows the Covid-19 outbreak in China and the US. Since January 31, Kowal has made 14 videos on the outbreak, each getting an average 3.5 million views on Bilibili. His channel provides a window for young Chinese to the current situation in the US. On April 2, Kowal livestreamed his visit to the field hospital in Central Park, which was broadcast on State-backed China Central Television (CCTV).

In recent years, more foreign content creators are finding fame on Chinese social media. They use a similar formula – posting funny videos about food, travel and their daily lives, mostly while speaking Chinese.

While Chinese-speaking foreigners are still a novelty for most, changing public opinions and attitudes on Chinese social media are additional challenges for foreign content creators.

## Vlogging the Outbreak

Cindy Huang is Kowal's Chinese friend and creative partner. Every day, the two follow the latest news on the epidemic, speeches from US President Donald Trump, New York State Governor Andrew Cuomo and experts, and read in-depth news reports and academic papers.

Huang said their videos often start in brainstorming sessions with Kowal. “I'm like a reporter who is constantly asking him questions. During our conversations, the idea for a new video would gradually emerge,” Huang told *ChinaReport*.

In the video “Why Did the Virus Break Out in the US” posted on March 21, Kowal argued it was a lack of massive testing, strict quarantine policy and social distancing.

Over the past three months, Kowal has increasingly received questions from Chinese netizens about the outbreak in the US.

Many followers asked Kowal about the President's row with New York State Governor Cuomo, where Trump told the state to buy ventilators themselves instead of gathering medical resources from across the country to support New York. Kowal posted a video on April 5 that explains the relationship between the federal and state governments, which is drastically different from the power structure in China.

“Different provinces in China are more like siblings in a family while states in the US are more like neighbours in an apartment building. The federal government is like property management and Trump is the superintendent,” Kowal said in the video.

He further compared the outbreak to handling a water leak in a flat. Some tenants complain to the superintendent, while others knock on their neighbour's door. “We argued and argued until we reached a consensus about what we should do,” Kowal said.

Some netizens accused Kowal of indulging Chinese viewers with



schadenfreude about the US. But many defended him, saying his views are fairly objective.

Kowal also aims to dispel other misunderstandings about US issues that draw attention on Chinese social media.

Chinese netizens asked why US farmers dumped their milk and culled pigs instead of giving them to the poor, accusing them of being selfish capitalists trying to control dairy prices.

In a video posted on April 25, Kowal explains the pandemic disrupted the food supply chain. Facing declining demand as schools, restaurants and other food service providers are mandated to close, dairy farmers are left with no choice but to dump their milk. Similarly, livestock farmers culled their animals because the pandemic had forced meat processing plants and slaughterhouses to close.

“As consuming unpasteurised raw milk and unprocessed meat can cause health problems, we can’t give them directly to people,” Kowal said.

The video has over 3.25 million views, 24,000 bullet comments and 19,817 messages. Many viewers thanked him for helping them understand the genuine reasons behind the phenomenon.

“Kowal is speaking for his own country and addressing rumours for his own country. Shouldn’t we stop to think about why we once believed in these rumours?” commented Bilibili user “This is Hardcore.”

## Finding Fans

Kowal was born in 1991 to a Jewish family in New York. He studied international business in college, during which he spent one year learning Chinese in Taiwan. After graduation, he travelled around the world before working in his family’s business.

Kowal said he became a vlogger on Chinese social media by chance. “Cindy and I have been friends for years. We often discuss lots of topics about America and China. We’ve found that there’s so much erroneous information about America on Chinese websites. Both of us hoped to make some videos to show an actual picture of America,” Kowal told *ChinaReport*.

Like many other foreign content creators, Kowal started with food. In his first video in September 2017, Kowal makes fun of Americanised Chinese food. In his series of food videos, Kowal tries different red chillis. His catchphrase is “This isn’t spicy.”

What sets Kowal apart is how he explores cultural differences between the US and China, from dating and tipping to shopping and health.

“Younger followers like to watch funny and food-related content, while the older ones prefer more serious social topics,” Huang said.

Kowal also made a series of videos that address questions about American society from his Chinese viewers.

In his video “Are Americans really wasteful?” Kowal opens rubbish



Staff at Mount Sinai West Hospital in New York City respond to a crowd applauding their efforts during the coronavirus pandemic, April 22, 2020

cans outside a Walmart in New York to see what people throw away. He was surprised to find some were stuffed with unspoiled food like bread, pizza and chicken. “Initially I didn’t think we were wasteful. But after I researched some statistics, I realise that we are,” he said in the video.

As his popularity grew, Kowal and Huang were approached by a content creator agency, which is known in the business as a multi-channel network (MCN) firm.

Other Bilibili creators shared with them their takes on signing with an MCN: while the company would provide financial support, help promote their videos and develop an audience, creators must work commercials into their videos and are restricted in the subjects they can cover.

“You want to do topics you find meaningful, but the company could spike it because they think it’s not interesting enough or too sensitive, not safe,” Kowal told *ChinaReport*.

Both Kowal and Huang passed on MCN organisation and remain free agents. They’ve since expanded, recruiting another Chinese member to handle contacts and promotion.

“The reason I make videos is just because I enjoy doing it. I remember one day one of my followers recognised me on the street and said, ‘Jerry, I enjoy watching your videos so much.’ Wow, it thrilled me to hear that. Also, I’m so happy that people can learn something new from my content,” Kowal said. “Being a vlogger makes me much





PHOTO BY CNS

more open-minded, and that is important. It can help you start a new life or even a new career,” he said.

## Sincere or Shameless

Focused on in-depth videos about cultural differences, Kowal combs social and economic news every day for polarizing topics to explore. But for many other Chinese-speaking foreign vloggers, praising China can mean big business.

Recently, a novel genre has become popular on short-video platform TikTok called “Foreigners Praising China.”

One divisive example is Russian vlogger “Vlad” (Vladislav Kolkovskiy). In one of his videos, Vlad exclaims with ebullience: “I love China because I feel so safe in China. Subways here are just like airports and they have security checks. I love China because everything here is so advanced. I can order a cab by phone and scan a QR code to make purchases. Everything I love is all in China. I will settle in China immediately and become a real Chinese!” The video has over 3 million likes.

Some foreign vloggers purport well-worn conspiracy theories as fact. One posted a video saying the World Trade Centre terrorist attacks were an inside job by the US government. It infuriated Kowal. “I was in New York at the time. So many people died!”

But as more foreign internet celebrities cash in, Chinese viewers are becoming increasingly jaded. Many criticise them for lack of sincerity

and objectivity and deliberately flattering Chinese viewers purely to profit.

Despite his massive following on TikTok, others on Bilibili and Zhihu, China’s largest Q&A website, have accused Vlad of being insincere and patronizing. Many netizens call him “a shameless ass-kisser” and satirise his catchphrase “I Love China” as his magic money-making mantra.

But sometimes gauging the complex attitudes on Chinese social media can be like navigating a minefield for foreign content creators. One misstep or unchecked opinion can trigger accusations of racism, bias or disrespect for China, particularly when it comes to politics and history.

In 2018, a popular British vlogger “Fulingfang” (William August) was accused of racism over remarks made on the First Opium War (1840-1842).

In 2019, “Xinshidandan,” a popular vlog channel run by two French people living in China, suffered the same fate for using dance song “Booty Swing” by Parov Stelar as the background music for their videos. The song samples vocals from the 1939 song “Oriental Swing” by Lil Hardin Armstrong, (wife of jazz legend Louis Armstrong), whose lyrics refer to China as “the land of Fu Manchu.”

Kowal receives more compliments than complaints, with followers calling him “sincere,” “unbiased” and “balanced.”

“Kowal is one of the few creators I think harbour true intentions to increase mutual understandings between people in China and in the US,” wrote Zhihu user “Dipper Pines,” a comment that gained more than 20,000 likes. “In one video, he visits a Detroit neighbourhood. If he followed the regular formula, he might use Detroit to show how safe Chinese cities are. But he didn’t do that. He just wanted to show us an accurate picture of Detroit. His attitudes, shown in his videos, are impartial and balanced, neither overbearing nor flattering.”

“From [Kowal’s] videos I can truly understand the differences in US and Chinese cultures. He is like a friend sharing knowledge and ideas with you, instead of catering to you or making you laugh but leaving you with nothing,” another Zhihu user “Hou Sailai” commented.

“I think misunderstanding stems from how we originally learn about other countries. In the US, we learn about China mainly through films or other media. A lot of these films are about the Qing Dynasty (1644-1911) and many are fantasy films. Americans know little about the modern China. I want to inform Americans that China is way different from what we think. The same goes for Chinese,” Kowal told *ChinaReport*.

“I think I’ve learned not only about China but also the US. I’ve learned a lot about China and how people think about China, and through doing videos I’ve also learned a lot of about myself, my country and my culture,” he said. ★





Online Education

PHOTO BY TIAN YUE

Students from Shuiguohu No.2 Primary School of Wuhan study at home, Wuhan, Hubei Province, February 10, 2020

# A TESTING TIME

Temporary school closures and quarantines during the Covid-19 outbreak have come as a boon to online education, which may soon fade if the still-developing industry fails to meet expectations

By Xu Ming

As the deadly Covid-19 outbreak put most of China's economic activity on hold, online education seemed to be among the few industries to benefit. With strict quarantine rules in place by February, authorities brought all offline education to a halt and postponed the reopening of schools indefinitely.

The Ministry of Education (MoE) encouraged schools to continue teaching their curriculums through the internet, sparking

renewed enthusiasm for online education as hundreds of millions of homebound K-12 students logged in for class.

In 2018, there were 276 million students in China, over 200 million of whom were in K-12, according to statistics released by the MoE in July 2019.

Many online education institutions reported drastic increases in user numbers since February, mostly by donating free services to quarantined students. More offline educa-

tion providers are migrating their services online amid a surge in third-party platforms. As a result, stock prices for education companies, including New Oriental and Tomorrow Advancing Life (TAL), soared in February.

But while media coverage has drawn attention to online education, whether users will actually pay for the services following the outbreak remains to be seen.

The Covid-19 epidemic has hastened what is likely to be the world's largest remote learn-



ing experiment. Now under the spotlight, the online education industry is showing not only its strengths, but also a host of systemic problems.

## Casting a Wide Net

Lisa Xu, mother of a second-grader in Beijing, said she chose free courses from New Oriental and TAL to supplement the “Cloud Classroom,” a MoE-supported online learning platform that mainly uses video and PowerPoint slides.

Xu is one of millions of Chinese parents turning to online education for the first time in the wake of the outbreak. But behind these charitable services is a pitched battle for market share.

Youdao, a major education brand under internet giant NetEase, began the wave in January by providing free lesson access to students in Hubei Province, the epicentre of the outbreak. English-language learning platform VIPKid was close behind, opening 1.5 million free online lessons to students ages 4 through 12 (also mainly for Hubei students). Others followed suit, including industry leaders New Oriental and TAL.

Tech giants like Alibaba, Tencent and ByteDance also rushed in by providing access to online teaching technologies, while video platforms iQiyi, TikTok and Kwai (aka Kuaishou) began developing their own education services.

The increased traffic boosted the numbers of registered users. Genshuixue, an online education platform, attracted 15 million new students through free lessons, nine times its paying user base in 2019. Rival Zuoyebang, which focuses on K-12 students, saw 28 million users by mid-February.

“Besides new customers enticed by free courses, enrollment for our one-on-one lessons also hit record highs thanks to soaring demand,” said Li Guoxun, executive dean of the VIPKid Children’s Research Institute, adding that their teachers working remotely in North America have much busier schedules than usual.

Due to the outbreak, the online education industry stands to gain at least 50 million users, said Jiang Kaiyang, vice president of

Taihe Capital, an investment management company.

This comes as a windfall to the online education industry, which despite seeing steady growth since 2011 has been plagued by the high costs of courting subscribers. In 2018, revenue from online education made up less than 10 percent of the education market, which was still dominated by offline education, according to industry analyst iResearch. Many businesses are still burning through cash and relying on financing to develop products. Most are still without viable business models.

“The cost of gaining users is an important reason behind the difficulties online education companies face in turning a profit,” said Xiong Bingqi, vice director of non-profit organisation 21st Century Education Research Institute.

Based on a New Oriental report, Xiong concluded that online companies must spend at least 3,000 yuan (US\$432) for every new student compared to 500-1,000 yuan (US\$72-144) per student for brick-and-mortar operations.

According to its annual financial report released January 27, Youdao suffered 600 million yuan (US\$86m) in losses in 2019, a substantial increase compared to 2018 due to rising operating costs. The company spent 623 million yuan (US\$89m) on marketing alone, the report read, mainly while competing for students over the summer holidays.

Online tutoring platforms ATL, Yuanfudao and Zuoyebang all spent billions on marketing for returns of around 1 million users each.

The business generated during the outbreak would have otherwise cost hundreds of billions in marketing.

In addition, online education has extended its reach into smaller cities, said Wu Xiaozheng, who has worked at a major online education company for over 10 years. “There is obvious growth in the number of students from third- and fourth-tier cities,” he added.

Insiders expect the surge in use to help raise public awareness of online education. Its market penetration rate was only 10 percent

in 2018, much lower than online services such as payment and medical care, according to data from Forward Intelligence, a Chinese market research provider.

“In the past, online education platforms needed to work to cultivate consumers. Now the majority of users, whether from large or small cities, have gotten used to the idea. They’ll find it easier to accept online learning and be more willing to choose it in future,” Li told *ChinaReport*.

## More Questions Than Answers

Observers say the current flourishing of online education is mainly driven by opportunities presented by the coronavirus outbreak. But the resulting marketing war is taking its toll.

“It has put the majority of platforms under a lot of pressure. The real test is how many users attracted by free courses will be willing to pay when the outbreak ends and offline education becomes available again,” Xiong told *ChinaReport*. “The current prosperity might be a flash in the pan if online education companies fail to provide good user experiences.”

The strengths of online education are remote access and unlimited multimedia resources. But the period has exposed and accelerated many of its existing problems, Xiong said.

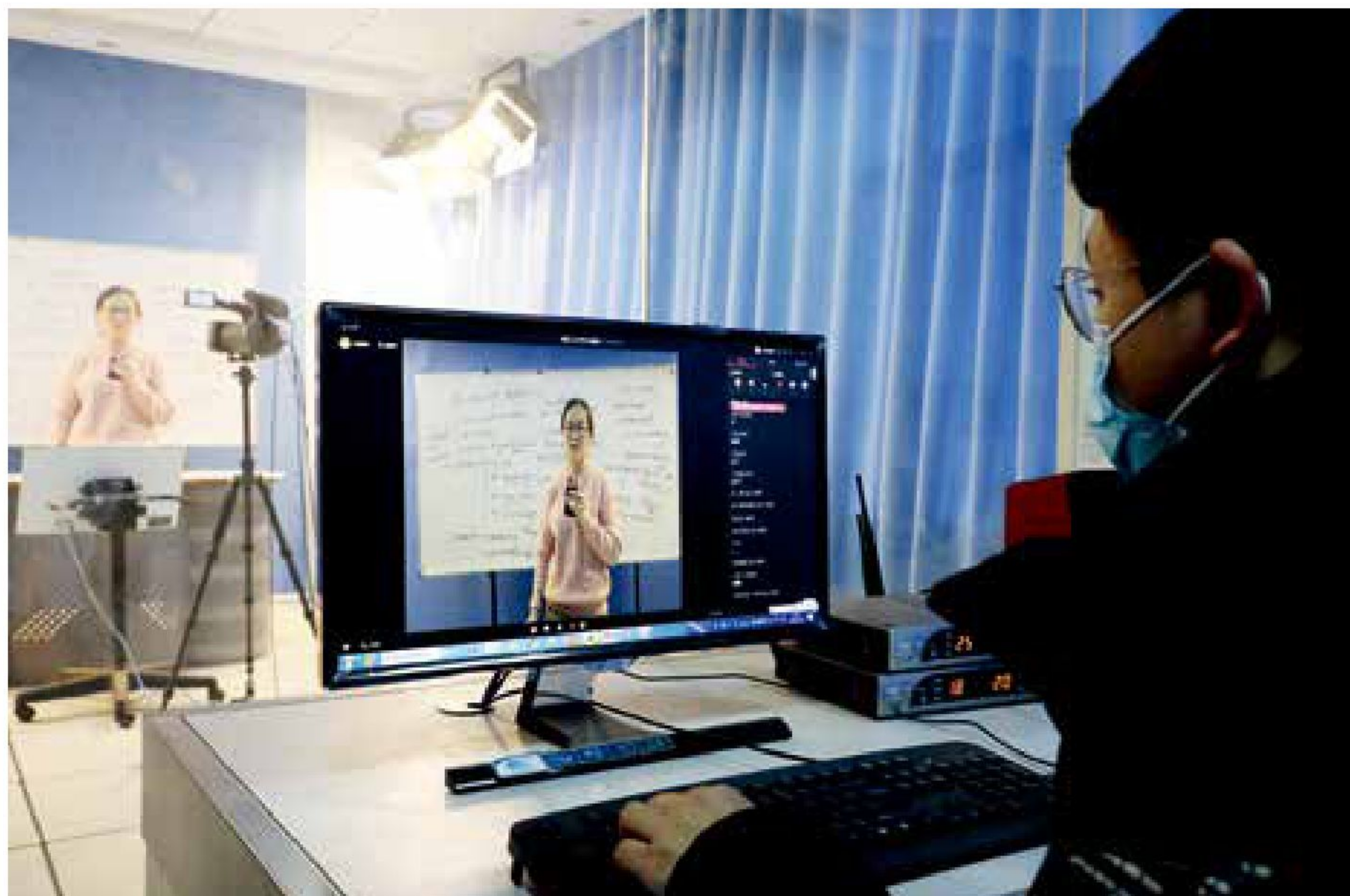
The tens of millions of students and teachers flooding to online classrooms have been a strain on livestreaming platforms. In addition to quality control issues, online teaching also suffers from lack of student interaction and lesson customisation (to target students at different levels).

What’s more, online education requires greater self-discipline from students, especially those who are easily distracted while seated in front of their own computers.

These concerns could influence parent confidence in online learning’s effectiveness.

Many teachers have reported difficulty in adjusting to the livestream format. Parents are struggling, too. “It’s a big headache to keep an eye on kids to make sure they are studying rather than chatting with classmates or playing games,” Xu said. “I’d rather send her straight to offline classes.”





IT staff at No.3 Middle School of Boxing County, Shandong Province, supervise online classes and provide technical support, February 11, 2020

PHOTO BY CNS

Xu told *ChinaReport* she would not sign up her daughter for online courses after the outbreak ends, mainly because she doesn't find them as effective.

"Online education demands that students be more willing to learn, which partly explains why online education companies have difficulty turning a profit and spend so much to get users," Xiong said.

Without positive feedback, the outbreak period might damage online education as a whole, he said.

According to Edu Sight, an education industry analysis service, many platforms sacrificed curriculum quality to provide a stable supply of free courses and failed to follow up with customer conversion, which takes many steps.

"It may dissuade those who planned to buy lessons," read an article on Edu Sight's WeChat account. "A quick surge in users is not necessarily a good thing if the industry is not ready. In the long run, it might shake people's confidence in online education," it read.

"Many companies competed for traffic in the past but could not turn it into profit," Yang Zhengda, founder of iTutorGroup, an online English-language learning platform,

told financial news outlet GPLP. "The key to getting users is reputation. Without that, education companies can't turn traffic into users, no matter how much they're getting."

### The Matthew Effect

In an open letter to parents, online platform Mingxi, which focuses on Chinese language learning for children, announced its closure on February 13, citing financial difficulties.

Mingxi is one of many online education companies showing low resilience to risks such as capital shortages.

"Competition has intensified in this period. Only big companies with sufficient cash flow and sound tech support are able to deal with the large volume of users," Wu said.

"Overall, the epidemic will to some extent change the status quo with a mingling of good and bad [in the market] and push for orderly development," said Li from VIPKid.

Li said the industry growingly suffers from the Matthew Effect, which refers to the idea that "the rich get richer while the poor get poorer." The term, coined by US sociologist Richard C. Merton and his wife Harriet Zuckerman in 1968, takes its name from a passage in the Gospel of Matthew and is

widely used by economists and education experts.

"Users will increasingly gather towards brands with high quality and good reputations," Li said.

Zhang Xi, founder of OneSmart Education, a K-12 tutoring company, said at an online press conference on February 20 that "at least 60 percent of online education companies will go out of business in a year" in the wake of the Covid-19 outbreak. "The majority of online education companies do not have positive cash flow and depend on investment. There are bubbles," Zhang said.

Nevertheless, the market for online education is expected to keep growing.

According to iiMedia Research, an online consulting platform, the number of users for online education surpassed 200 million in 2018 and will climb to 300 million in 2020. Data from iResearch shows the online education market reached 252 billion yuan (US\$36b) in 2018. The market is expected to grow by 16-24 percent in three to five years and be worth over 500 billion yuan (US\$72b) by 2022.

Online education has seen huge injections of investor capital in recent years. But pursuit of profit runs counter to education goals, which require long-term and careful cultivation, Xiong said.

"Many companies enter in the hopes of quick returns, expanding business rapidly and emphasizing traffic. But they won't profit in the long run if they overlook quality. Above all, they should have the right attitude towards education," said Xiong, adding that enhancing interaction and customisation are crucial to improving the quality of online courses.

As the merging of online and offline education quickens and offline schools are forced to move online, the future market will see both fields develop in step and giant companies rise, Yu Minhong, founder of New Oriental, told technology media outlet 36Kr. ★





Telecommuting

PHOTO BY XINHUA

Staff at Shenzhen Ping'an International Financial Centre work from laptops, February 10, 2020

# WORK FROM HOME

The Covid-19 outbreak was the catalyst that pushed telecommuting into the mainstream, but technology and office-oriented biases are yet to catch up

By Yang Zhijie and Meng Xin

**W**ith millions of Chinese working from home amid the Covid-19 outbreak, demand for telecommuting tools has seen unprecedented growth as companies large and small struggle to keep business running as usual.

Platforms such as Alibaba's DingTalk and Tencent's WeChat Work have tailored their products for specific tasks while providing free services to organisations in need. Downloads of workplace messaging apps surged,

sending telecommuting stocks soaring in February.

Compared to developed countries, China has generally been behind the curve when it comes to remote working. Some insiders see the spike in users as a turning point for the industry, predicting that China's massive work-from-home experiment will cultivate user habits and eventually make telecommuting the norm.

But for some experts, the boom is an

anomaly and expect demand to fall back to pre-outbreak levels. Neither the software nor their user bases are mature enough to sustain the boom, said Zhang Yi, founder and CEO of iiMedia Research, an online consulting platform.

## Let's Connect

On January 23, He Jing, who works in product development for WeChat Work, said he began receiving requests from



hospitals fighting the Covid-19 outbreak to customise the app to help them better consult with patients.

But product inquiries really began flooding in on January 28, after the Chinese government announced it would delay the return to work following the Chinese New Year to February 10 as a measure to curb the Covid-19 spread.

He said almost their entire 300-member team put in overtime to update their products not only for enterprises, but also schools to livestream their classes and hospitals to help diagnose patients through video.

A slew of companies followed suit, such as remote conferencing apps WeLink, Zoom and XYLink, and collaboration platforms such as Shimo and Evernote.

Soon, DingTalk, WeChat Work and Tencent Meeting were among the most downloaded on Apple's App Store.

Data from Urora, a mobile data service provider, shows that from January 1 to February 21, the number of active users on DingTalk rose from 26 million to 150 million, while WeChat Work's user base rose from 5.6 million to 13.7 million. Users on other apps like WeLink and Bytedance's Feishu had also multiplied.

Since the Chinese New Year holiday, more than 300 million users and 18 million enterprises have turned to telecommuting, according to statistics from iiMedia. The sudden influx was a strain on networks, and even established apps like DingTalk and WeChat all suffered from congestion.

Video conferencing saw the fastest growth. Yuan Wenhui, co-founder and CEO of XYLink, told *ChinaReport* their back-end was stretched to the limits on January 25 as demand for cloud video conferencing increased from government agencies, online education and telecommuting. He never expected the company, which previously focused primarily on B2B business, would grow so fast in

2020. "The number of daily video calls made since January 25 is more than one or two months' worth in 2019," Yuan said.

Tang Haiqing, an analyst with TF Securities, said that the outbreak had provided a good opportunity for telecommuting companies to turn first-time users into paying customers, which could push the industry's development, as quoted in a report published by the company in February.

## The Great Experiment

However, the sudden change has caught millions of people not used to telecommuting unprepared to transition smoothly. Huang Xiaoxuan, a manager at a company that handles big data analysis, told her staff to download DingTalk and Tencent Meeting the night before work. To make sure everyone was getting up on time, the company scheduled daily 9am video meetings and enforced a dress code. But despite their efforts, many employees had trouble adjusting.

"When they're working at home, everyone worries that if they don't reply in time their boss might think they're just idling around," Huang said, adding that the constant checking of messages is a distraction she seldom dealt with at the office.

The new arrangement has been tougher for those in areas with poor data coverage. Wang Tao, who works for Lenovo Group in Wuhan, returned to his rural hometown for Chinese New Year. When Wuhan went on lockdown as the Covid-19 epicentre on January 23, his team migrated their meetings to Skype. But the data signal in his village was too weak and unstable to communicate effectively.

Hu Shichang, a planning director of an advertising agency in Hunan Province, faced the same struggle. To battle the poor data coverage and choppy signal, Hu was forced to repeat himself constantly during meetings. Also, he found that colleagues would often

get distracted by their children or other domestic emergencies, which caused further delays in their work.

Hu told *ChinaReport* that while working from home allowed him to get out of bed later, work-life boundaries became an issue. "My colleagues sometimes worked from 11 am until midnight. And they just assume you're not sleeping. You have to work at least nine or even 11 hours a day," said Hu, adding that without set office hours, clients often contacted him on weekends.

But the greatest challenges are coming from management. Huang told *ChinaReport* that most of her job has been addressing the company's concerns about maintaining efficiency, including whether employees were working hard or just sleeping in.

Huang realised her company was more focused on how much time employees were devoting to work. But spending less time or working from home does not necessarily mean lower efficiency. Instead of demanding that employees respond immediately to emails and messages, she adjusted the rules and set deadlines. As a result, she found telecommuting did not hinder communication within departments.

"Trust is essential," said Xu Siyan, senior research fellow with the Tencent Research Institute. Xu explained that managers must trust that their employees working from home can perform as well or even better than at the office. Performance evaluations should focus more on results as a way to reflect this trust, Xu said.

Exploding demand proved equally challenging for online platforms. He Jing said that user requests for added functionality increased so sharply that despite his team working overtime, their products were on the brink of crashing on February 3, the day many companies resumed operations via cloud office tools.

DingTalk and WeChat Work reported





The Shanghai office of the Australian artificial intelligence company Appen is empty as all its employees work from home during the outbreak

PHOTO COURTESY OF THE INTERVIEWEE

millions of morning teleconferences all starting at once. Statistics from DingTalk show that more than 10 million companies and 200 million people signed on from home that day.

This urgency forced services to stay on their toes and constantly work on updates. Employees from Bytedance's Feishu told *ChinaReport* that the current test benchmark is whether collaboration tools are stable enough to meet a sudden spike in demand.

"The outbreak pushed the products into the market without allowing much time for preparation. We need more time to polish technical details to meet customer needs, and we need more users to help beta test products," He said.

## Unknown Future

Until recently, telecommuting was not a popular option in China. There were only 4.9 million people working remotely in

2018. In contrast, 30 million people in the US worked from home in 2017, accounting for 16-19 percent of the country's workforce, according to Forward Intelligence, a Chinese market research provider.

Bai Huiyuan, vice president of DingTalk, noticed that in China, telecommuting and other digital transformations are still in the initial stages. "Many companies and organisations are sluggish in going fully digital and their understanding of telecommuting is still on the level of using email or dealing with approval procedures over the phone," Bai said.

Zhang Yi noted that the market in China has great potential as enterprises struggle to cut costs amid fierce competition. "But this telecommuting boom was passive rather than a result of market development," Zhang said. "User habits haven't congealed yet. Besides, the shortcomings of online office software are hard to resolve quickly, which can prevent

users from sticking with them."

Software developers told *ChinaReport* that the gap between China and some developed countries lies not in technology but in attitudes towards telecommuting.

Xu Siyan said that working from home is not more common in China because many businesses are simply not equipped. Telecommuting needs managerial adjustments that most companies are not yet ready for.

The outbreak has also forced companies to think about how to keep operating in times of crisis. Deng Zhi, executive manager of Gloria, a women's fashion brand, said he attended an industry conference in late 2019 where many downplayed the need to fast-track digital transformation, let alone spend heavily on it. The Covid-19 epidemic has Deng's team reevaluating their situation.

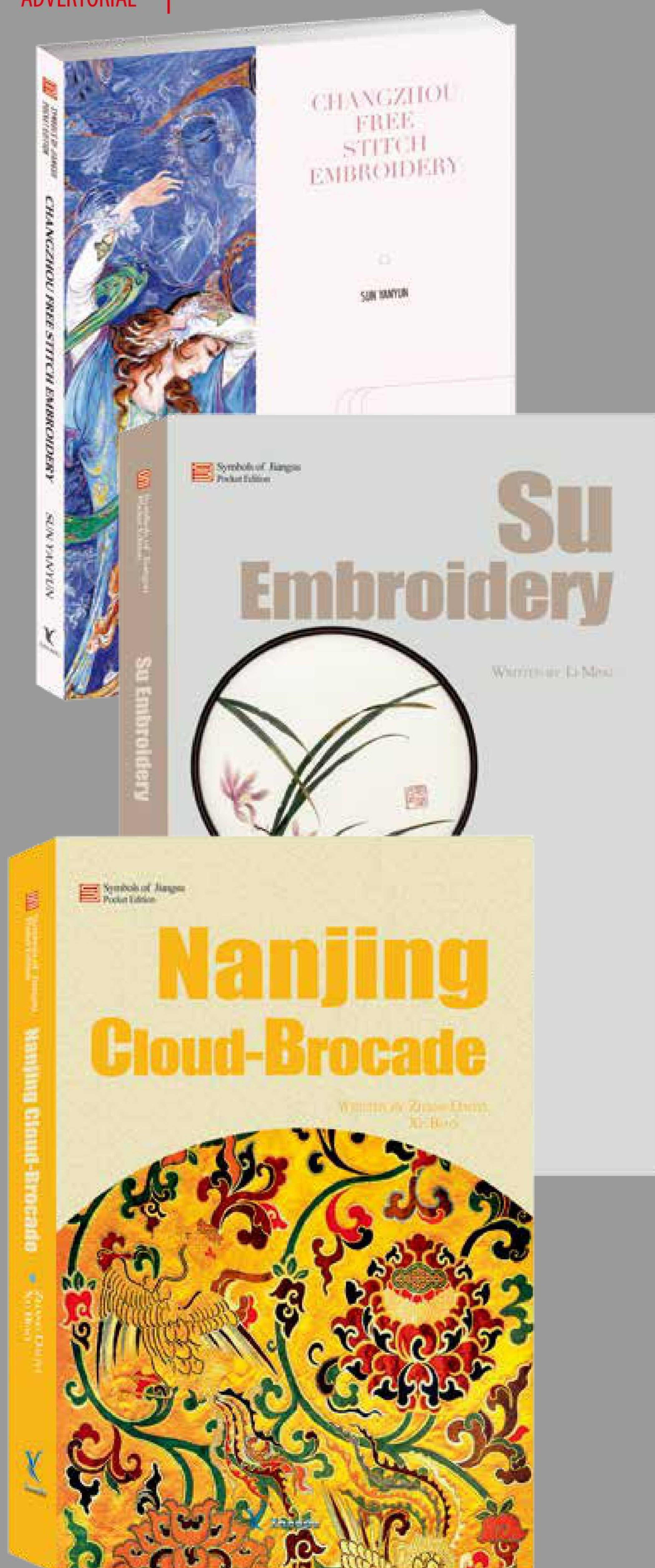
"We found that working remotely resulted in more efficient communication. We're now deliberating what channels we want to retain for the long run," Deng said. He predicted that in the wake of the outbreak, more businesses would migrate to digital platforms and make systemic changes to boost their efficiency.

Statistics released by DingTalk and CBN, a leading financial media group, shows the market scale for telecommuting has been growing steadily for years. In 2012, the market amounted to 5.4 billion yuan (US\$769m), and rose to 19.4 billion yuan (US\$2.8b) in 2017. Thanks to the latest boom, the estimated market is now 50 billion yuan (US\$7b).

Many of those interviewed said that after the Covid-19 crisis subsides, companies would most likely return to more traditional office operations.

But a subversive force is fermenting. Millennials, who embrace new technology and seek more freedom in the workplace, will soon not only make up the bulk of China's workforce, but also its decision-makers. ★





Culture

# FOLLOW THE THREAD

Three titles that deliver a pointed exploration of the silk embroidery schools that culturally define the eastern Chinese province of Jiangsu

By Shirong Chen and Yaqian Hu

Jiangsu Province is not just rich in material goods, but also intangible cultural heritage. Situated along the lower reaches of the Yangtze River delta, the eastern Chinese province has been celebrated for its silk and vast array of silk products, namely needlework, which over millennia has developed into a unique art.

Differences in style, technique and function evolved into three distinct types of silk embroidery: Su embroidery (from the city of Suzhou), Nanjing cloud brocade and Changzhou free stitch.

The art of embroidery was widespread during the Han Dynasty (BCE 206 – 220). Four distinctive schools emerged during that time, reaching their peak as demand for Chinese goods blossomed during the heyday of the Silk Road.

While there are many Chinese arts and crafts, they



can be divided into three categories based on function: daily use, ceremonial, and fine art. Chinese silk embroidery unites all three.

Embroidery found its way into many facets of life, becoming an important part of religious activities as well as the performing arts. Its ubiquity and widespread appeal made it popular among the social elite and commoners alike.

## Su Embroidery

Originating in areas around Suzhou, Su embroidery derives its beauty from the refined Suzhou culture – a graceful reflection from the waters of the Yangtze River. For thousands of years, Su embroidery is not only a daily part of life for the people south of the Yangtze River (also known as Jiangnan), but unites folk custom with high art like poetry and painting.

Dating back 2,000 years, Su embroidery is known for its beautiful patterns, use of colour, varied stitches and consummate craftsmanship. Su artisans use more than 40 different stitches and 1,000 different types of thread. Typical subjects include nature such as flowers, birds, animals and even entire gardens on a single piece of cloth.

A rare subset is Su double-sided embroidery, which demands the highest skill and artistry as the front and back of the piece have different designs. The thread ends are not knotted but woven into a separate image so seamlessly that to the untrained eye it is nearly impossible to tell the front from the back.

*Su Embroidery* delves into the art from different perspectives, exploring its methods, origins and changes over time. The book also proposes convincing arguments about its links to regional folk culture, exchange and aesthetics.

## Nanjing Cloud Brocade

If Su embroidery links fine art with folk tradition, the exquisite elegance of Nanjing cloud brocade (or *yunjin*) is a crowning achievement for Chinese silk textiles and craftsmanship. Nanjing cloud brocade is beautiful but in an august and harmonious way. It embodies the rich history of Chinese sericulture, or cultivation of silkworms, and efforts to preserve and develop traditional arts and crafts in modern China.

The book *Nanjing Cloud-Brocade* explores this masterpiece of intangible cultural heritage and condenses millennia of Chinese silk weaving history beginning with the Silk Road, with special attention paid to the cultural connections and artistic value of Nanjing cloud brocade.

## Changzhou Free Stitch

We now turn to the most modern of the three embroidery styles, which at first glance could pass for Impressionist paintings.

Established in the 1930s by painter, calligrapher and art educator Lu Fengzi and his student Yang Shouyu, Changzhou free stitch's vigour and vitality draws from Wu folk culture combined with innovation and experimentation.



Changzhou free stitch embroidery, portrait of Queen Elizabeth II by Sun Yanyun (2010)

As one of the most modern Chinese embroidery styles, Changzhou free stitch draws inspiration from oil painting, photography and sketches. Its unique technique features long and short cross-stitches, as well as layering and colour effects that create a sense of depth and tone. The needlework is lively to the point the images are somewhat abstracted, and watching an embroiderer swiftly weave the needle back and forth with multi-coloured silk threads is a site to behold.

Located near the Yangtze River Delta, Changzhou is bordered by the Yangtze River to the north and shares Taihu Lake with the city of Suzhou in the south.

Changzhou has produced many artists, thinkers and literati over the last century. In addition to Yang Shouyu, the founder of Changzhou free-stitch, it is also the birthplace of linguist Zhou Youguang, the inventor of the pinyin Romanisation system, musician Zhao Yunnan, mathematician Hua Luogeng, painter and arts educator Liu Haisu, industrialist Sheng Xuanhuai and Communist Party of China leaders Qu Qiubai and Hui Daiying, among other figures. With these creative influences came new customs, schools and aesthetics, all of which influenced Yang Shouyu and Changzhou free stitch embroidery.

Along with the Suzhou gardens and Grand Canal, these three schools of silk embroidery stand as prime examples of the intangible cultural heritage of Jiangsu. ★



## Medical Equipment

# Rush for Ventilators

With rising global demand, China's ventilator industry had an unexpected opportunity to boost its position, but its long-term prospects in the global ventilator market remain in question

By Xu Tian

As the novel coronavirus spread to almost every country in the world, it triggered huge demand for medical equipment. While equipment like masks, testing kits and personal protective gowns are essential, one product, the ventilator, is the difference between life and death for many with severe cases of Covid-19.

A ventilator can help a patient of critical Covid-19 infection breathe when their lungs become so damaged that they cannot breathe on their own. It is the shortage of ventilators that forced healthcare workers in the worst-hit countries, such as Italy, to make hard decisions over which patients get to live and which do not.

The equipment is so important that it became a focal point of the much-publicised brawl between US President Donald Trump and New York State Governor Andrew Cuomo in March, when Cuomo criticised the federal government for failing to supply enough ventilators to the state.

Cuomo said that the city had about 5,000 to 6,000 ventilators but might need 30,000 to deal with the escalating pandemic. Nationally, the US Society of Critical Care Medicine estimated that 960,000 patients would need ventilator support due to Covid-19, about five times the 200,000 the country has now.

According to GlobalData, an analytics company, about 10 percent of Covid-19 patients will need ventilators. As the number of infections reached 4 million in mid-May and is still growing, there is soaring demand for ventilators. US President Donald Trump has given automakers the green light to reconfigure their plants to make the machines. But as it takes months for companies like Ford and General Motors to shift their production to ventilators, China has emerged as a major provider of ventilators.

## The Latecomer

Despite being dubbed the world's factory, China was not a big player in the global ventilator market. Prior to the pandemic, China

produced about one-fifth of the world's total. In 2018, 8,400 ventilators were produced domestically out of the 14,700 that were sold in China.

Given the high technological and regulatory barriers of the ventilator industry, the global market has been dominated by Western firms, such as Switzerland's Hamilton Medical AG, Germany's Dräger Group and Sweden's Getinge Group.

According to an analysis by CITIC Securities, the breathing and respiratory equipment market of China is dominated by Dräger, Getinge, and Medtronic, a company headquartered in Ireland. The firms had market shares of 36 percent, 19 percent and 16 percent in 2017. Mindray and Aeonmed, the top two Chinese brands each only had a market share of about 1.5 percent.

According to China's Ministry of Industry and Information Technology (MIIT), China has 21 ventilator producers, and only eight are certified to supply the European market. As Western firms have established technological dominance in the sector, Chinese companies tend to focus on the middle and low-end market.

The global ventilator industry is ordinarily quite small. The value of the entire ventilator market in 2019 was only about US\$1 billion. In normal times, hospitals may only have a few ventilators on hand as they are required only for critical cases. A major public hospital in China typically has about 10 ventilators.

## Soaring Demand

This was all changed by Covid-19. After the coronavirus struck Hubei Province in January, domestic demand for ventilators skyrocketed. Data released by the MIIT showed that China's 21 ventilator producers provided 29,000 ventilators to Chinese users, including 18,000 ventilators to Hubei from January 1 to April 8, twice China's annual demand for the machines.

After the pandemic struck Europe and the US in March, crippling local production, Chinese producers started to supply the global



market. The new dominance in the ventilator market came because after China managed to get the Covid-19 outbreak under control, it was among the few countries able to ramp up production.

Lai Chunhong, chairman of Prunus Group, a medical equipment company based in Shenzhen, Guangdong Province, told *ChinaReport* that the company used to produce about 100 ventilators a month, but has increased production capacity to about 700 a month. Lai said that they received orders from the US, amounting to tens of thousands, which she said far exceeds the company's maximum production capacity. "We don't have any room to receive more orders," Lai said.

"There's literally no country in the world that doesn't want to buy a ventilator from China right now," said Li Kai, director of Aeonmed. Li told *ChinaReport* Aeonmed now has full order books until September.

Jing Jungang, general manager of the manufacturing department of Mindray, China's biggest ventilator producer, told *ChinaReport* that the company's production has tripled to reach to 3,000 ventilators a month. Jing said that the number of employees increased from 2,000 to 3,800 in April. He said he expected the company would be able to produce 4,000 ventilators a month by June.

According to data released by the State Council on April 5, China exported 16,000 ventilators between March 1 and April 4, worth 310 million yuan (US\$44m). In other words, China exported more ventilators in slightly over a month than were sold in the whole year of 2018.

This is likely a fraction of the still rising global demand as the pandemic looks set to stick around for months, if not years. According to an estimate from the Centre for Health Security of Johns Hopkins University, the US will need about 62,000 full-featured mechanical ventilators, and an additional 98,000 ventilators with basic functions.

Globally speaking, about 880,000 more ventilators are in demand globally because of the pandemic, according to a GlobalData estimate.

## Limits to Expand

For many in China, the sudden surge in demand presents an opportunity for Chinese producers to have more access to the global ventilator market in the long run. But analysts warned that given the weakness of China's ventilator industry, China will have difficulties to

meet the rising demand as the pandemic rages on.

Despite the enhanced position of China's ventilator makers, Chinese companies still rely on global firms for essential parts, such as chips, sensors, valves and turbines.



Staff at a medical technology company work overtime to meet the surging demand for ventilators and oxygenerators, Shenyang, Liaoning Province, February 7, 2020

PHOTO BY VCG

According to Lai Chunhong of Prunus Group, the company relies on global firms for about 40 percent of some 1,500 components needed to produce its ventilators. Lai said it used to take eight to 12 weeks to receive components from its global suppliers. But as many countries have imposed lockdown measures and the number of commercial flights between China and other countries has dropped dramatically, it now takes 28 weeks. A particular sensor produced by an American company will become available again only in 2021, Lai added.

To support ventilator producers, the MIIT gave them a list of all domestic companies that produce similar components and have released measures to

facilitate cross-regional cooperation among companies.

Wang Yungao, a technological director of Tongmao Electronics, a company that produces voice coil motors, said that sales to ventilator producers accounted for about 3-5 percent of its business prior to the pandemic, but it has jumped to 60-70 percent.

While international suppliers of some components can be replaced by domestic ones, there are no alternatives for certain key components. "We don't have alternative suppliers for sensors from Europe and chips from the US," Lai said.

According to Wang Ning, a medical industry analyst with CCID Consulting, an industrial consulting company, China still faces huge technological barriers in the ventilator sector. The recent surge in global demand may provide incentives for Chinese companies to increase investment in relevant fields, but it would take a long time to make meaningful progress.

In the past weeks, many Western companies have rapidly responded to the shortage of ventilators. Flex, a California-based manufacturer known for making Apple computers, announced in early April that it will cooperate with Philips, a leading ventilator producer, to produce 25,000 to 30,000 ventilators a month in May and June.

As governments around the globe push to produce ventilators locally, the unexpected and sudden boom of the Chinese ventilator industry may also be short-lived. ★



Domestic Demand

# EXTREME COUPONING

Discount coupons worth billions of yuan have been handed out to the public to shore up the services sector, but some economists believe there are better ways to protect jobs and increase consumer spending

By Xu Ming

When a message popped up on her phone telling her she had been offered shopping and dining coupons, Cathy Wang from Zhuhai in southern Guangdong Province ignored it, fearing it was an all-too familiar scam to get cash out of people. She did not realise the government was at the helm of the scheme until she learned that many of her colleagues had already received and used some.

In an effort to boost consumer spending, dozens of Chinese cities are handing out billions of yuan worth of coupons to be redeemed in sectors of the economy which have been hit hardest by the coronavirus pandemic. After first-quarter GDP growth plunged 6.8 percent, particularly in consumption, giving out discount coupons is being touted as an efficient way to push up domestic demand quickly. This will stabilise employment and reverse the decline in economic growth, according to some economists.

The coupons have had some effect in leveraging consumption, according to a Peking University report released in April. But

some have criticised the scheme's fairness and efficiency. And also because the impacts of the pandemic on the job market and consumer confidence are expected to be long term, uncertainties in the job market and shrinking incomes mean people, particularly low-income groups and debt-ridden households, will spend less out of precaution. These concerns need to be addressed to ensure stable consumption, experts said.

## Demand Matters

For six years in a row consumption was the biggest force driving the Chinese economy. In 2019, it accounted for 57.8 percent of GDP. When China's GDP contracted by 6.8 percent year-on-year in the first quarter of 2020, the first drop since 1992, the drop in consumer spending alone contributed 4.4 percentage points. Per capita consumer spending dropped 12.5 per cent year-on-year while total retail sales plunged by 19 percent, according to the National Bureau of Statistics (NBS).

Consumption in the country was suppressed following the nationwide lockdown

which started in late January. The tertiary industry, particularly sectors that feature mass gatherings or face-to-face contact suffered the most. These are the sectors which take more time to recover than other industries due to lingering fears and weakened spending desire. Some sectors are yet to reopen.

While there have been cyclical downturns after China started its process of reform and opening-up in the late 1970s, consumption has never declined, and certainly not by so much, said Yao Yang, a professor of economics at Peking University. Yao told *ChinaReport* that the plunge is mainly due to lack of demand, which will affect a large number of consumers, particularly middle- and low-income groups. It will also suppress industrial production.

To keep businesses running and to stabilise employment, since February the People's Bank of China (PBoC), China's central bank, has injected more liquidity into the market and dropped interest rates to make financial support available for small- and medium-sized enterprises (SMEs). There are also policies exempting SMEs from social security





PHOTO BY CNS

People gather on a pedestrian street in Shenzhen, Guangdong Province on May 5 after pandemic restrictions were lifted

contributions and reducing taxes and fees.

These conventional means did not receive unanimous applause. Although offering support to enterprises will help stabilise the job market and benefit consumption, some economists said it is too slow in the current context, as it is more urgent to boost demand directly. They cast doubt over whether bailing out enterprises is the most reliable method to boost consumer spending.

Li Xunlei, an economist from Zhongtai Securities, called on the government to give subsidies directly to workers as some other countries have done. In an interview with *Southern Weekly*, he described giving subsidies to companies as a “blood transfusion” which may cause oversupply, while giving subsidies to households will create demand. “How can you make sure the company will survive even with the subsidies and will not fire its employees?” Li said.

Yao said that boosting consumption should be prioritised as companies need orders the most to generate income. He said bluntly that without orders, there is no use giving loans to companies that only help

them keep workers on the payroll.

The spread of the pandemic worldwide further signals a bleak picture for external markets, which puts more pressure on domestic consumer spending. “Encouraging consumption and releasing suppressed demand and untapped spending potential are key measures to counter the impact of the outbreak and lift the economy,” Ha Zengyou, an official from the National Development and Reform Commission (NDRC), China’s top economic planning body, said at a March press conference.

## Deluge of Coupons

In a dialogue held by Chinese content provider NetEase, Yao said it would be better if a fraction of China’s planned investment in infrastructure in 2020, which reportedly totals 30 trillion yuan (US\$4.2t), was shared among the 40 percent of people with the lowest incomes who have been affected the most. “If everyone was given 2,000 yuan (US\$282), consumption would instantly improve,” Yao said. Other economists have suggested the government give low-income

groups big cash subsidies.

The anticipation Chinese households may have felt when they saw cash handouts being given to the public in other countries such as Japan and the US has been dashed. The US gave every adult citizen a check for US\$1,200 and Japan is offering 100,000 yen (US\$934) to all residents as a one-time payment, including foreign residents.

In China, there was mainly a deluge of coupons instead. From March, local governments rolled out the electronic coupon giveaway, assisted by e-commerce and payment platforms and business owners. In a 30-point guideline released on April 22 to promote consumption, the Ministry of Commerce (MOFCOM) explicitly encouraged local governments to stimulate spending by handing out vouchers. Boosted by the five-day May Day holiday, the longest since 2008, by May 8 more than 170 cities gave out coupons worth 19 billion yuan (US\$2.7b), MOFCOM vice minister Wang Bingnan said at a press conference held in Beijing in May.

The discount vouchers range in value from 5 yuan (US\$0.7) to 100 yuan (US\$14). They



are given randomly and are valid for catering, tourism, hotels, retail and more. The amount varies in different places according to their economic development. Most are only valid if a certain amount is spent, 30 yuan (US\$4.2) off on an order of 100 yuan (US\$14), for example. Some cities give out special vouchers for certain products, such as vehicles. The coupons were applauded in many places, seen from netizens' posts on Weibo saying that they had "won the lottery" and gone out to "stimulate consumption."

With China's ingrained culture of saving money, coupons are regarded as more effective in stimulating consumption rather than giving cash handouts or personal income tax reductions. Cash and saved taxes will probably disappear into the bank, or be used for other purposes, while coupons which can only be used in a limited way and are more likely to be used, Ge Yuyu, a teacher at the Shanghai National Accounting Institute, wrote in an article published on news outlet *The Paper*.

The coupons did have an effect on spurring spending, though it differed from place to place. Hangzhou, capital of Zhejiang Province, started issuing coupons on March 27. By April 26, local authorities had given out 375 million yuan (US\$53m) in vouchers and mobilised spending worth 4.1 billion yuan (US\$578.5m). On April 3, Zhengzhou, capital of Central China's Henan Province, granted 50 million yuan (US\$7.1m) in coupons. By April 16, about 80 percent of the coupons had been used, yielding 552 million yuan (US\$77.9m) in spending.

A survey by Peking University and Alibaba affiliate Ant Financial in late April shows that in Hangzhou, every yuan the government spent in coupon subsidies yielded at least 3.5 yuan (US\$0.49) in spending. Liu Qiao, head of the research team and a professor at Peking University, proposed in the report that another 500 billion yuan (US\$70.5b) should be granted in coupons, which they predicted would drive up retail sales of consumer goods by 4.25 percent.

The report also noted that the effect of coupons in Hangzhou is connected to its existing economic strength and consump-

tion environment. The coupons it gave out were worth more than in most cities. Governments in less developed areas are issuing lower-value coupons and people there spend less and are more fiscally cautious, which will weaken the effect in mobilizing spending as a way out of the slump, experts said.

Overall, said Cai Zhen, a researcher at the National Institution for Finance & Development, "the coupons did a good job in boosting consumer confidence, which fast-forwarded the recovery in consumption."

### 'Chicken Rib'

But doubts persist. The coupons worth small amounts of money have been rubbished as being not worth the effort – like a chicken rib, in Chinese slang. In an article published on *Caijing*, a financial outlet, Xu Qiyuan, a research economist at the Chinese Academy of Social Sciences, analysed what coupons had been issued in 42 cities by April 27 and found that among the issued 6.52 billion yuan (US\$919.9m), each person would get 19.6 yuan (US\$2.8) on average. Only 29 percent of the cities gave out coupons worth more than 30 yuan (US\$4.2) per capita. Several people interviewed told *ChinaReport* that they had received coupons for 5 yuan (US\$0.7) or 10 yuan (US\$1.4) but felt no inclination to use them.

Some dismissed the government's efforts to make them spend more instead of increasing their income. Under a *ChinaReport* article discussing coupons, one netizen commented, "Using coupons means you have to take more money out. It's no different than the promotional tricks used by [e-commerce site] Taobao vendors, only with a nicer name."

Xu said that the coupons put more emphasis on helping enterprises and are promotional in nature by limiting their use to certain fields, and some cities set high thresholds, like 50 yuan off a purchase of 800 yuan, which equates to a US\$7 discount on goods worth US\$113. The coupons in many places can only be used in downtown areas, so are costlier for people from rural areas to benefit from. And nearly all coupons are electronic and require mobile payment, which is

challenging for the elderly and some low-income groups who actually need aid the most.

"High-income groups will spend anyway. [In this special time] only when people with low incomes go out to spend can consumption be shored up. But the coupons are not doing enough to benefit this group," Gan Li, director of the Survey and Research Centre for China Household Finance at Southwestern University of Finance and Economics, said in an interview with *The Paper*.

Luo Zhi, a professor of economics from Wuhan University, said she doubted the efficiency of giving out coupons indiscriminately among citizens at all levels of income.

"The goal should be clear. If it is to sustain consumption, the government should directly give money or subsidies to people who have problems maintaining a normal life. If it is to stimulate consumption, coupons could work among people whose lives were not much affected, but the focus should be on more expensive goods instead of daily necessities to produce a better effect," Luo said.

It will be worse if more people have no disposable income after losing their job or choose to save amid uncertainties about future income. "People only dare to spend when they are sure about future income, and vice versa," she said.

The unemployment rate rose to 6.2 percent in February, one percentage point higher than the previous quarter, the NBS said. These figures, many observers say, fail to reflect the true impact of the pandemic on the job market given that the unemployment rate is a lagging indicator. The NBS does not count some of the self-employed or the tens of millions of migrant workers from rural areas who are designated as farmers, even though they generally work in urban areas in fields like construction and the services sector. If they are laid off, they are expected to return home and are therefore not counted among the unemployed.

A report published by Zhongtai Securities in April predicted the real unemployment rate to be around 20 percent, meaning an increase of 70 million unemployed.

Wang Tao, an economist from UBS



Securities, wrote in an article published on the China Chief Economist Forum, a financial platform for economists to share their views, that the job market is facing its biggest challenge in 20 years. The employed population might decrease by 14 million in 2020 despite a gradual pickup in the coming months, while the net increase was around 10 million in the past five years, she said. "In spite of that, China's direct subsidies to the jobless population and those with low incomes are relatively limited," Wang wrote.

The PBoC data shows that yuan savings increased 8.07 trillion yuan (US\$1.1t) in the first quarter while household savings rose 6.47 trillion yuan (US\$912.2b). In a survey by the PBoC among 20,000 depositors in 50 cities, 27.5 percent said their income had decreased, 15.4 percentage points higher than the previous quarter. Confidence in future income dropped by 7.2 percentage points and more people are inclined to save.

The high levels of household debt may aggravate the situation. A PBoC survey in April shows 56.5 percent of urban households were in debt in 2019, among which mortgages take up 75.9 percent. Indebted households without savings could be deprived of all spending power if they lose their jobs, experts said.

"In stimulating short-term consumption, the livelihood of low-income people should be guaranteed while employment must be stabilised," Luo said. For the time being, she suggested the government screen companies in difficulty and give "employment subsidies" directly to their employees to keep them on the payroll. "It might help to both ease companies' burdens and ensure that people stay employed, which will help consumption in the end."

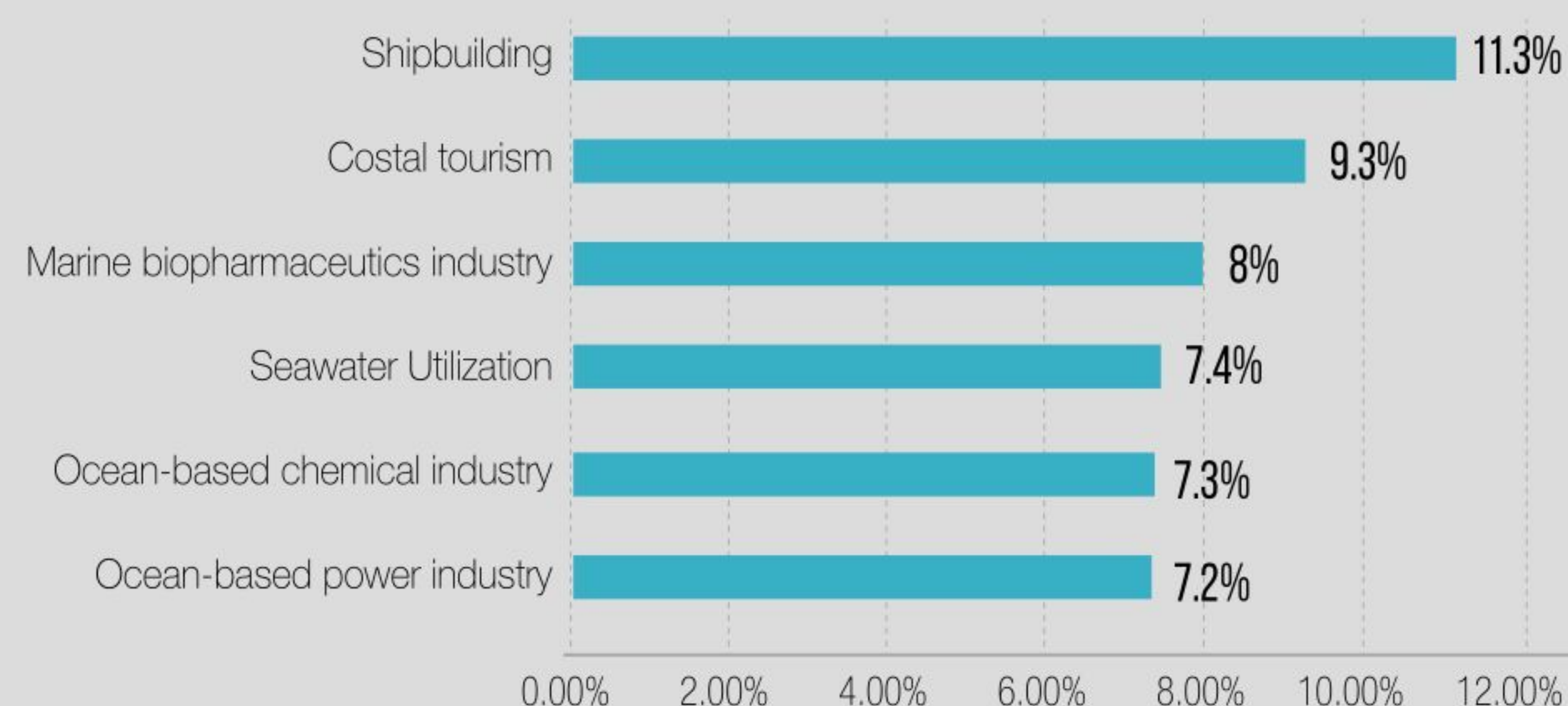
But to be fair and efficient, the government needs to do a better fundamental job in finding out the real situation, including quantity and financial situations, of small companies, the self-employed and low-income groups, where it is not doing enough, Luo said. ★

## US\$1.3 trillion

Total value of China's gross ocean products in 2019, an increase of 6.2% year-on-year

Source: Ministry of Natural Resources of China

### Main marine industries with fastest growth in 2019



## 0.8%

Growth in the population of migrant workers in 2019 to a total of 290.77 million

Source: National Bureau of Statistics of China

### Proportion of migrant workers engaged in the tertiary industry among all migrant workers between 2015 and 2019



## 34.7%

Year-on-year growth in the transaction value in China's futures market between January and April, which totalled US\$15.07 trillion

Source: China Futures Association



## 38.5%

Fall in Chinese overseas direct investment in manufacturing in the first quarter of 2020, while total non-financial direct investment dropped 0.6 percent year-on-year to US\$23.8 billion

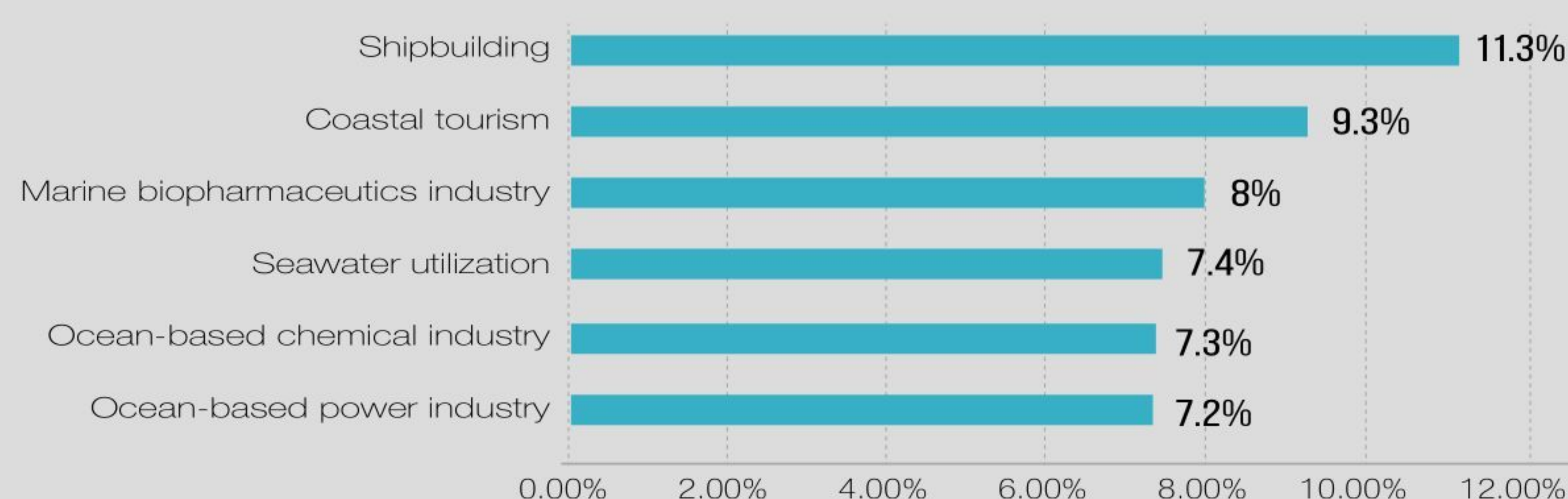
Source: Ministry of Commerce of China

## 13.1%

Source: People's Bank of China

Year-on-year increase in outstanding yuan loans (totalling US\$22.8 trillion) at the end of April, the highest growth since June 2019

Year-on-year increase in outstanding loans (in yuan and foreign currencies) to main fields at the end of the first quarter of 2020





CULTURE

Literature

# Mining Memories

Over his 40-year career, coal miner-turned-author Liu Qingbang has won acclaim for short stories and novellas that dig deep into the suffering of China's miners and the frustrations of its rural people

By Gu Xin







Liu Qingbang

PHOTO COURTESY OF INTERVIEWEE

No writer in China knows more about life as a coal miner than Liu Qingbang. Before starting his literary career, Liu spent 19 years as a village farmer and nine years working in the coal mines.

For four decades, the 69-year-old writer has written relentlessly about the hardships of those who toil the soil above ground and those who tunnel below it. His fast-paced and intense storylines are also loaded with cultural and social criticism. And he continues to pursue justice through literature. Since 2011, Liu has shifted his subject matter to the overworked nannies from rural areas working in Beijing.

Liu is skillful in creating emotional tension and building suspense. A prime example is his novella *Sacred Wood*, which won the Lao She Literature Prize in 2000 and was later adapted into the critically acclaimed film *Blind Shaft*.

*Parents* (2019), his latest and lengthiest novel to date, takes on issues such as exam-oriented education, the one-child policy, sexual liberation and urban-rural disparities, while reflecting on human nature amid China's torrents of change.

### Character Origins

Eight years ago, Liu received a call from a relative with shocking news. The relative's adult son had smothered his own child to death.

The relative's adult son had long suffered from a mental disorder. He had been pulled from high school and never sent back. Later, the family arranged for him to marry and the couple produced a son. But soon after his son's birth, the relative's son felt his child was stealing the family's attention from him. In addition, his wife was threatening to leave, claiming the family had not bought them a house as promised.

The young man snapped and smothered his newborn.

Liu's *Parents* is based on this story. Main character Wang Guohui is an ambitious country woman who moves to the city after finding a job at a coal mine. Eager to change her family's fortune, Wang lives vicariously through her only son He Xincheng, a sensitive high school boy.

While Wang focuses on his grades and pushes him to get into a top university, she neglects him emotionally. Under immense pressure to succeed and lacking affection from his mother, the teen has a mental breakdown and drops out of school.

Disappointed in her son, Wang pins all her hopes on her newborn grandson, Shengsheng. But her shift in affection inadvertently puts the child in grave danger.

As a father and grandfather, Liu has voiced strong criticism of China's education system through his novels.

Liu believes China's exam-oriented approach is deeply rooted in the country's imperial examinations, which were designed to produce government officials. And despite awareness of the limitations of exam-oriented education in the modern world, Liu said parents and teachers knowingly participate, making them complicit in it.

Liu's son was a poor student and never a teacher's favourite. He recalled one time when he attended a parent-teacher conference, his son's teacher openly criticised the boy, prompting the normally mild-tempered writer to snap back: "Don't make kids with poor grades out to be bad people." Liu's retort shocked everyone present, because at the time parents treated teachers with reverence. Years later, Liu worked this event into *Parents*.

Liu said he often bases his characters on people he knew. "Sometimes I only write about a real person after they pass away.



When it's all over, you see people more clearly. They become characters and come to life again in my mind," Liu said.

## Country Youth

Liu was born in 1951 in rural Shenqiu County, Henan Province. His father was a low-ranking officer during China's Republican period (1911-1949), something that earned his family a bad social status under the new Communist government. Liu's father died in 1960, leaving his mother to raise six children. Poverty was a big part of Liu's early memories.

Liu was a studious young man, but his dreams of higher education were shattered with the arrival of the Cultural Revolution (1966-1976) and its decade of shuttered universities.

In 1966, Liu joined millions of young Chinese during the Great Linkup, when Red Guards nationwide were encouraged to travel the country and spread the seeds of revolution. Like thousands of rural teens, Liu travelled to Beijing to attend the giant rally that year held by Mao Zedong in Tiananmen Square. It was the first time Liu had been to a city. The experience so impressed him, particularly the disparities between urban and rural life, that he became determined to move out of the countryside.

For decades, China's *hukou* system of permanent residency permits restricted rural populations from moving to cities. This lack of mobility frustrated China's rural youth, and is a recurring theme in Liu's fiction.

After the Great Linkup period, Liu

returned home to work and yearned to shed his official peasant status. In his hometown, Liu talked with the educated youth sent to his village from the city of Kaifeng, Henan, as part of another Cultural Revolution policy, the Down to the Countryside Movement. Liu secretly competed with these urban youth in how much more fiction he read. Liu's conflicted feelings about his rural identity are written into many of his characters.

He tried to join the army in the hopes of getting a work assignment in the city afterwards, but was ineligible because of his father's Republican past.

In 1970, 19-year-old Liu got a job at a coal mine. Two years later, he wrote his first story, "White Cotton," about the hard life of an elderly coal miner. But since all of China's literary journals were halted during the Cultural Revolution, Liu had to wait six years to publish it.

The mining job finally allowed Liu to get rid of his peasant status. He was now a worker at a government-run institution, a much more respectable social station at the time.

"The coal mine is on the fringes between urban and rural life," Liu explained, "Mines are usually located near mountain areas or the countryside. People mine for coal underground and plant crops on the surface. A coal mine is like a small society – it has some things found in cities, such as kindergartens, schools and shopping. A peasant who came to the coal mine would try any means to become a regular worker and get an urban *hukou*."

Liu had very little leisure time at the mine.

His room was so small that he would use a chair as a writing desk. In 1978, Liu was transferred to Beijing to work as an editor in a coal industry newspaper. In 2001, the Beijing Writers' Association recruited him as a professional writer.

Liu was among the many forever changed by China's unprecedented urbanisation and mass migrations. His fiction largely focuses on the lives of coal miners and peasants.

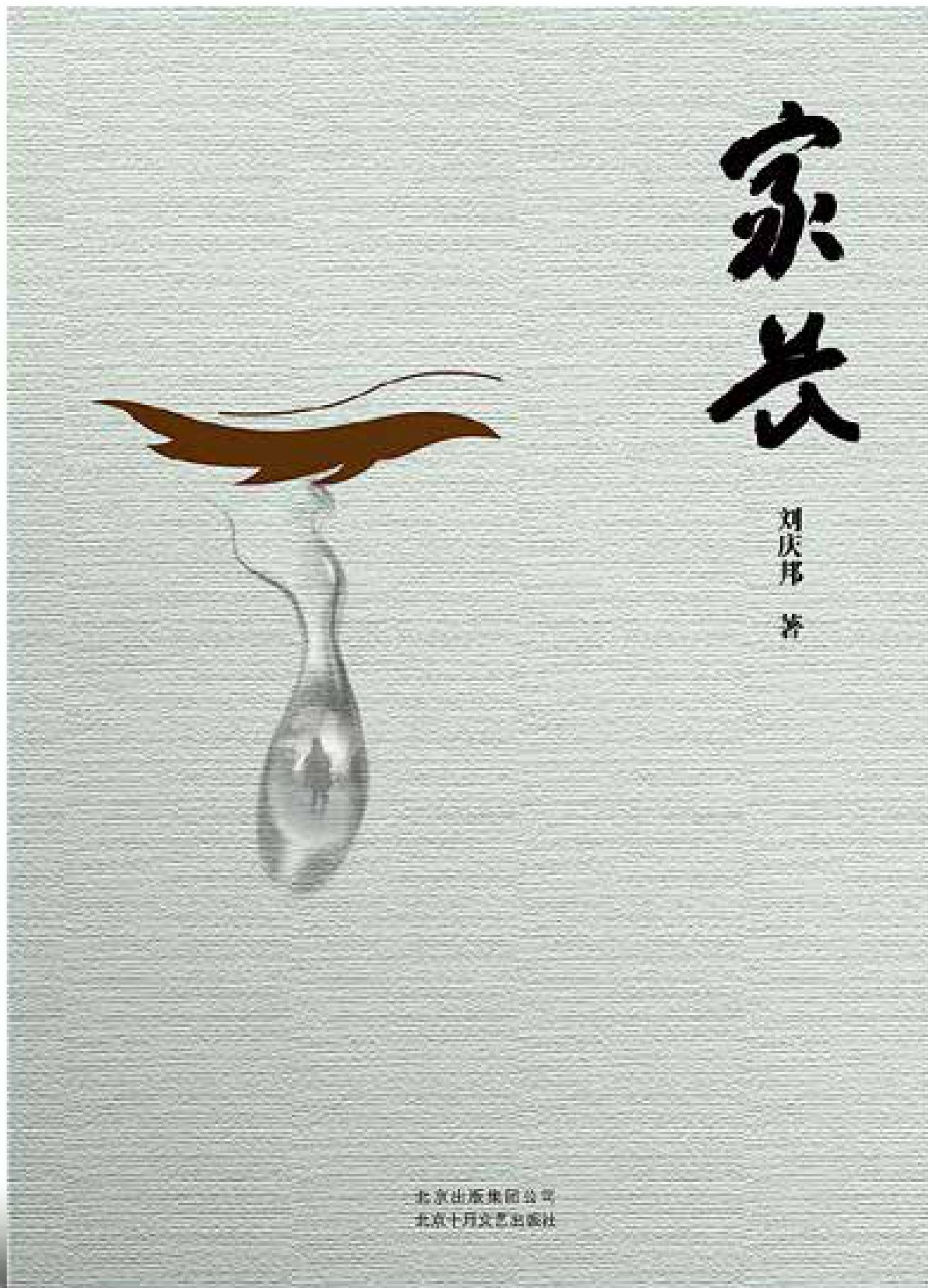
Many of his peasant characters work in coal mines while desperately trying to overcome the rural-urban barrier and change their social standing. These themes are central to *Red Coal* (2006), Liu's novel about a young coal miner who eventually manages to marry the mine owner's daughter. He then calls the police on his father-in-law for illegal dealings. With his father-in-law in jail, the miner eventually takes over the enterprise.

## Black and Red

During his nine years at the coal mine, Liu had seen disaster and death. He recalled narrowly avoiding a gas explosion because he had happened to change shifts with another miner. But the biggest tragedy he witnessed involved 80 miners who suffocated down a mine shaft. Seeing the rows of coffins inside the local mining bureau left a deep impression on Liu.

In the early 1990s, while Liu was editor-in-chief of *China Coal News*, stories of violent crime began creeping from the mines. It was a murderous scam that involved workers recruiting new workers, killing them deep in the tunnels and passing it off as a work





Liu Qingbang's novel *Parents*

accident. Others involved in the con would pose as relatives of the victim and demand compensation from the mine owners. They called their victims “piglets.”

These crimes were rampant in illegal coal mines throughout China during the 1990s. A high-profile story in 1998 involved a crime ring of 60 suspects who murdered more than 100 people that had been lured to mines in Jiangsu, Shanxi, Hebei, Shandong and Liaoning provinces

and collected 2 million yuan (US\$281,600) in compensation.

Shocked by the story, Liu wrote his novella *Sacred Wood* (2000), which was later adapted into the internationally acclaimed film *Blind Shaft* (2003). Directed by Li Yang and starring Wang Baoqiang, the film won the Silver Bear at the 53rd Berlin Film Festival in 2003.

In 1996, a huge gas explosion rocked a coal mine in Pingdingshan, Henan, killing 84 mine workers. “Their families were still new

and kids still young. They cried and cried until they fainted and were sent to the hospital. When they woke up in a sickbed, they would start crying again. These details still haunt me,” Liu told *ChinaReport*.

He rushed to the site after the incident. He later wrote a 20,000-word essay “The Pathos of Life” to record the tragedy, which had a huge impact on the industry. Mines would commonly reference it as a work safety guide.

While at the Pingdingshan site, Liu met a mine worker’s teenage son who was waiting for his trapped father to be rescued from the pit. The teen asked Liu: “If my father can’t be saved this time, can I take his job?” Liu was overwhelmed by the bitter reality behind these words, which served as the inspiration for his novel *Red Coal* (2009). In the novel, Liu attacks the moral decline of the country’s entrepreneurs in their unscrupulous drive for money.

Liu said he cries easily, especially out of compassion for others. Xu Xun, one of Liu’s friends, told *ChinaReport* an anecdote about how Liu stopped to talk with a donkey chained by the road because he felt sad about its toil and suffering.

Liu said he finds that same compassion in the writings of Shen Congwen (1902-1988), an author known for his novels involving the Miao people of western Hunan Province. Liu said the sense of humanity in Shen’s work strikes a strong chord with him.

“Good fiction has profound emotion. That emotion, which has been processed with thought, is real and deep,” he told *ChinaReport*. ★



# CLASS: HANDLE WITH CARE

Schools across the globe closed their doors to slow the spread of coronavirus, impacting 1.4 billion students worldwide.

Students in China saw their annual winter break extended from weeks to three months, the longest on record. But as China has largely curbed the spread of the disease, schools across the country are reopening, including in Wuhan, the original epicentre of the Covid-19 pandemic.

However, there are still fears of a possible second wave of infections. Controls are still very tight. Guangdong Province requires that all students and staff undergo a nucleic acid test. To reduce the risk of infection, schools require students to wear masks at all times, as well as other precautions such as temperature checks at the door, spacing desks in classrooms and safe distancing in cafeterias.

Students line up to enter at Shenzhen Nanshan Foreign Language School, May 1. More than 800,000 students in the city returned to school that day





Teachers at a kindergarten in Huzhou, Zhejiang Province air out books and toys on the playground to sterilise them, April 28



Staff sort out textbooks to prepare for incoming students at No.1 Middle School of Wenxian County, Jiaozuo, Henan Province, March 14, 2020



Teachers are tested for Covid-19 at Beihuan Middle School in Taiyuan, Shanxi Province, May 8



Volunteers from NGO Blue Leopard Rescue sterilise a basketball court at Xingzhi High School, Weifang, Shandong Province, April 12









1. Yangzheng Primary School in Hangzhou, Zhejiang Province came up with an innovative way to promote social distancing – a hat with a 1-metre-long brim inspired by the traditional headwear of officials in ancient China

2. Students wear masks in class at Hengchuandianxiang Primary School in Hohhot, Inner Mongolia Autonomous Region, May 7

3. Mask-wearing children participate in physical education class at a kindergarten in Huaibei, Anhui Province, May 7. All kindergartens in the city reopened that day

4. High school students have breakfast while separated by wooden dividers in the cafeteria of their school in Congjiang County, Qiandongnan Miao and Dong Autonomous Prefecture, Guizhou Province, May 7

5. Employees at Choucheng Central Kindergarten in Yiwu, Zhejiang Province check the temperature of each child, May 11. More than 300 local kindergartens reopened that day, with roughly 59,000 children returning to school





Weifang

## No Strings Attached

A down-to-earth visit to the kite capital of the world brings crafts and tasty treats, but not many kites

Tautvile Daugelaite

Weifang wetland park is a great way to get your cut of wilderness in the city

My visit to Weifang comes in the late Spring when Beijing slowly becomes unbearable as it grinds towards its summer heat and humidity. So escape to anywhere where there is a breeze is not only desirable, but necessary. Weifang lies on the northeastern side of Shandong Province, less than 200 kilometres from its more famous cousin, the seaside city of Qingdao, mainly known for its beer and German connections.

But Weifang is best known for its kites, and therefore the breeze needed to fly them. Not just that, but it is crowned the kite capital of the world. However, after a couple of days in the city, although I admit that I didn't put much effort in, you might go without seeing a single kite take flight. Thankfully, there are plenty of other, and personally, more exciting things to do in Weifang, although if you do want to see kites, the annual Weifang International Kite Festival usually takes place at the end of April and attracts thousands of kite aficionados. The lack of the 2020 event may explain the dearth of kites.

I started exploring Weifang from the Bailang Lüzhou National Urban Wetland

Park on the west side of the city. While Weifang boasts other more prominent parks, this one was simply on the way and open all day round, even long after sunset. The large area might take a whole afternoon simply because of the sheer size, taking hours to get around the lush green forests separated by ponds and wooden bridges. Running tracks wind all the way around the park but coming by right around sunset, I did not witness many fitness enthusiasts. A few viewing platforms are elevated around the park and deliver a great view. One might think parks of such wilderness are nothing new, however spending years around perfectly manicured gardens of Beijing, I more than ever enjoy a bit of urban wilderness.

### Kites and Woodblocks

Since every travel article about Weifang stresses its kites, I headed to Weifang World Kite Museum and square, for it seemed like a box that simply had to be checked, if not for my own interest, then for having a fair impression of the city. During the daytime, there were no kites to be seen in the square. In fairness, nothing but the name "Kite

Commemoration Square" suggests there should be kite activity in the area. Come to think of it, it was only thanks to the proximity to the kite museum that it has received the name. The Kite Museum may be worth an hour of your time, but don't expect to be blown away. It is a fair starting point to get to know Weifang a bit better, but the locals I talked to said "there is nothing special there."

Seeing the craftsmanship of kites and other local arts might be better at Yangjiabu Folk Culture Village. A gated village with multiple courtyards boasts local vendors selling local kites and woodblock pictures. The latter was one of the reasons for my visit to Weifang. Alternatively called New Year pictures, the colourful scenes pressed on thin paper depict mythological scenes, gods and goddesses, door guards, or good fortune-bringing fish, symbolizing abundance for the next year. While these are found in other places, Weifang locals still make them by hand. But the elderly sellers expressed their worry that the craft would soon be forgotten as young people do not show too much interest in learning how to do it. The pictures come at an incredibly cheap price of 5 yuan, and



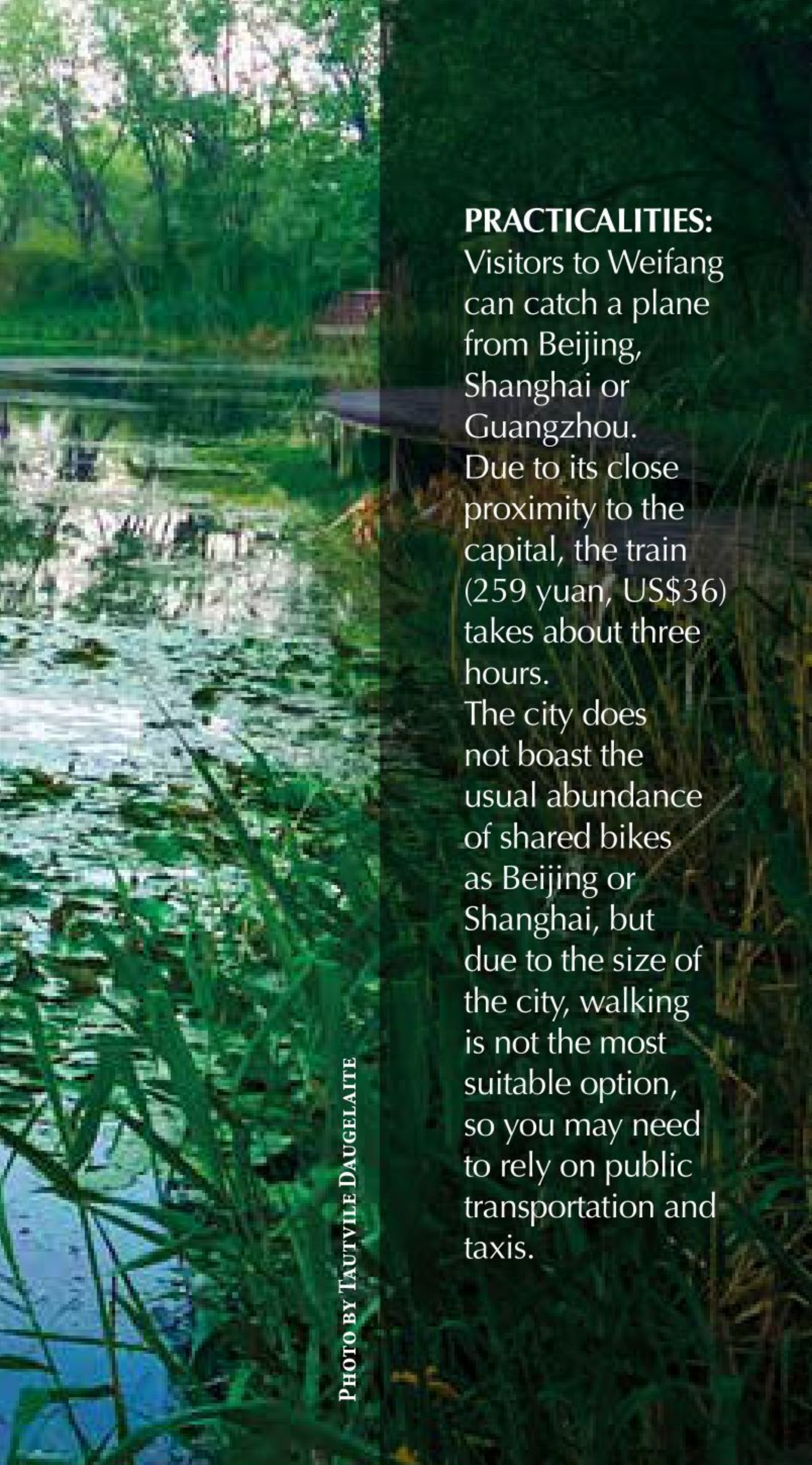


PHOTO BY TAUTVILE DAUGELAITE

#### PRACTICALITIES:

Visitors to Weifang can catch a plane from Beijing, Shanghai or Guangzhou. Due to its close proximity to the capital, the train (259 yuan, US\$36) takes about three hours. The city does not boast the usual abundance of shared bikes as Beijing or Shanghai, but due to the size of the city, walking is not the most suitable option, so you may need to rely on public transportation and taxis.



COURTESY OF TAUTVILE DAUGELAITE

Images made by woodblock printing are for sale at Yangjiabu

for less than a US dollar, they are perfect for home decoration or a gift. The streets around Yangjiabu are dotted with small shops selling kites, so if you don't fancy seeing the woodblock printing studios, you can certainly find kite-related souvenirs.

Besides local crafts, Weifang's Shouguang District is one of the largest suppliers of fresh vegetables to the whole of China. That is certainly visible when driving around Weifang since kilometres of greenhouses and open gardens stretch by the main roads with no end. Shouguang thus is a great place to get the freshest produce and visit the Vegetable Garden – a tourist attraction for anyone interested in agriculture or just curious about the latest inventions and practices of the industry. While it may not immediately seem like an attractive way to spend a few hours, the vegetable industry holds more hi-tech surprises than you might assume. After all, supplying the country of this size with food has to come with a few good practices.

### Jam and Tea

It would be a pity to leave Weifang without taking a day trip out of the city. Just west



of Weifang, the Ming Dynasty (1368-1644) village of Jingtang lays surrounded by hills. It greets visitors with the refreshing approach to the museum since a large part of the town lays completely untouched and climbing plants are taking over crumbling bricks and stone steps. The walking paths are neatly cleaned up but are mostly free from the usual plastic "folk village" decorations and instead have real corn hanging under the beams (which comes with a few birds picking on it). Looking through an exhibition in one of the courtyards, I chatted up a local worker who says people from the village moved out about 30 years ago, mostly looking for a better life in the city. The exhibition shows some of the original furniture and a collection of photographs. "This is me, and this is my younger brother," he adds pointing to one of the small pictures, "we used to live in this

house!" While it may seem like a strange concept to work in the house you grew up in, he seems quite satisfied with talking to visitors and telling his story. The narrow streets are dotted with vendors selling local chrysanthemum jam, dried persimmons or tea. Some of them pick a more creative path and make sculptures from the twisted roots. I am usually not the one to fall for the tricks of local vendors, but most of them look at least over 80 years old and I end up buying a green jar of chrysanthemum jam with no idea where to use it and only with the fascination about the concept itself. The restaurants close by are also serving local – rooster and chrysanthemum dishes. Roosters are sitting in cages close to the restaurant and diners can pick the one they like to be slaughtered and cooked. It seemed slightly contradictory to my values, so I opted in for the fried chrysanthemum leaves instead.

Weifang serves as a pleasant weekend trip or could be combined with a longer outing around Shandong Province. As one of the locals said "Here in Shandong, we are famous for our hospitality, here, eat this pancake, sit down!" ★



# Here Comes the Neighbourhood

By Kathleen Naday

In one fell swoop, life after the lockdown was eased in Beijing became more and less convenient. Best thing: delivery guys can bring your goods to your door again. I immediately ordered all the heavy things from Ikea I'd been waiting for. Actually, they weren't that heavy – I just discovered the delivery fee was only 10 yuan (US\$1.4), much cheaper than taking a cab there and back, as well as saving on all those things you never thought to own but are just waiting to be picked up as you wind your way through the Swedish labyrinth.

Ikea in China is famous for people napping on the beds, playing cards in the display living room sets and generally behaving as they do when they are at home. I find it quite endearing, but I'm way too British to do the same. Then I saw the news that one young lady took lockdown easing a bit too far by conducting herself extremely immodestly on a sofa in one of the stores. There was video. Look what scandal you missed by being lazy, I thought. But it seems the store was down in Guangzhou in Southern China. Ikea has vowed to increase security and reminded customers to take less pleasure in their visits. The hygiene implications alone at a time like this are worrying. Still, at least she was by herself, so she was properly practicing social distancing.

The worst thing about the end of the lockdown is the noise. Apartment living in big-city China has one major drawback. Renovation season. Usually, it starts up right after the Chinese New Year holidays end, when workers come back to cities eager to earn after a break of a few weeks.

This year, all was silent. No one was moving home, no one could have repair guys in. Not a hammer or a drill. There were the occasional fights heard through the walls from the neighbours, but who could blame them after several weeks. I know I had to raise my voice to the cats and dogs more than once.

Then right after the extended May Day holiday, suddenly it was all back to work. The drills and jackhammers started that morning. Pent-up renovation demand burst like a dam.

**Then right after the extended May Day holiday, suddenly it was all back to work. The drills and jackhammers started that morning. Pent-up renovation demand burst like a dam. I have never really understood why when one buys a new flat in China the whole thing is ripped apart – the flooring, all the fixtures, even the cement under the floor is drilled up**



ILLUSTRATION BY XIAO ZHENDUO

I have never really understood why when one buys a new flat in China the whole thing is ripped apart – the flooring, all the fixtures, even the cement under the floor is drilled up.

In the UK, house buyers are instructed to make their homes presentable and if possible, with neutral white walls. Buyers would like to move in and not have to do much work, at least at first. It's very strange that you would move to a perfectly good place, and then rip everything out. One of the most common sights in renovation season are toilet bowls.

They turn up in the most unusual places, on the streets, balancing precariously on heaps of wood and tiles. I once thought about trying to a blog called "Abandoned Toilets of Beijing," and set about photographing all the toilets I saw lying around. But it was a busted flush. Still got the photos though.

At the same time, some of the workers that had been unable to return to Beijing showed up in my compound. The gardener and his wife, a missing security guard and the recycling guy all popped up. The recycling guy was busy loading up lots of office equipment onto his cart. Curious, I thought. Then later I saw that the only convenient facility we have nearby (everything else is real estate agencies and hairdressers), the ICBC bank, was completely gutted. Right before I needed to top up my electricity card and get some statements.

It's not that I love the bank. It's almost the most infuriating place I've ever been in. They never rush to complete a transaction – why do in five minutes what you can string out to an hour? Once, there was almost a riot. Customers have to take a number, like at a deli counter. It's an orderly system, and mostly works well, until the day the system crashed and it reset back to zero. The pensioners formed a mob. Once, I almost caused a riot. I had lost my ATM card, and waited the previous day for around two hours to sort it out. Come back tomorrow, they said. Just come straight to the counter. But when I did, I could hear the mutterings from the assembled retirees – mostly there for the free aircon. "That foreigner didn't line up!" I could sympathise. I turned and addressed the whole bank, explaining I was doing as I had been told, and besides, I'd lined up a long time yesterday. The mutterings subsided.

Although my history with the bank is fraught, I was upset to see it emptied – but mostly by the thought that I'd have to make the effort to go one farther away. It'll be back in a couple of months, the gate guard said. It turns out that now I can go out and about, I don't really want to. ★



# Passport to Problems

By Amy Snelling

“You’ve got a lot to learn,” warned my first neighbours in China, a wary older couple who eyed most things with an air of suspicion. During my first few months, while they weighed up whether I was a person to be trusted, they also took it upon themselves to warn me against the pitfalls that many new arrivals fell prey to. All caught up on the latest community happenings, they’d tell me which shops to avoid for price gouging, help me steer clear of the fabled scam artists who sought out uninitiated foreigners looking for an easy target, and advised – whatever I did – to keep my passport on me at all times.

Carrying their lessons (and my passport) around with me as I navigated early days in China, I narrowly avoided the odd scam, ducking around touts flogging counterfeit tickets and dodging out the way of unlicensed cab drivers looking to make a quick buck always emerging unscathed. As I adapted and relaxed into to life in my new city, their teachings became second nature. It wasn’t until years later when I would get caught out where I wasn’t even looking: At the hands of my trusted visa agent. Just as I should have known, it was life admin that would be my downfall.

Most of the time, a friend to many, these agents act as a lifeline for confused foreigners navigating the complexities of the increasingly strict visa system. Wherever you are in the world, you hear the anecdotal reports of people’s visa woes. Friends had recounted all kinds of tales about the teachers lured over to schools with promises of sponsorship only to be left on tourist visas, bosses who tried to hold on to employee passports, and people who’d unknowingly overstayed. But I wasn’t teaching, my company was legit, and this wasn’t my first rodeo.

Like anyone who’s travelled or worked abroad for a while, I’d navigated the world of visas more times than I cared to remember. After multiple trips to various official buildings marked by shades of grey, I was armed with all the right documents for a new work visa. Clutching stacks of paperwork emblazoned

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with bright red official stamps and still recovering from a good probing at the Chinese visa health centre – a rite of passage for all foreigners living in China – I knew I didn’t need to worry about anything being out of place. My I’s were dotted, my T’s crossed.

That was when it all went wrong. Three months into the process – all precious paperwork in the hands of my agent, deposit paid,

finish line in sight and Champagne (well, a cheap alternative) on ice – the date for my scheduled appointment at the immigration office came and went without any word. “These things happen,” I assured myself, “It’s perfectly normal.” “Delays happen. All. The. Time.” A few frantic attempts to get in touch with the agent resulted in deafening silence.

After a sleepless night of catastrophizing, the next afternoon my phone finally buzzed. I psyched myself up for the news that my application had been rejected (disappointing, but manageable) or a full stop was out of place and the papers needed to be done again (again, frustrating but not totally unexpected). Instead, it went like this:

My visa agent: “So, we no longer have your documents – including your passport,” followed by a long pause. “Right. But that’s normal yeah?” I replied hopefully, assuming this was just an overly dramatic way of telling me my paperwork was still with visa officials but the process had been put back weeks by an incorrect spelling (sigh.). The answer: Not exactly. The long and short of it, I would later discover, was that actually this once-trusted agent had an outside-the-law side hustle and my beloved passport was suspected collateral, presumed caught up in an office raid.

I was in a foreign country and my passport was MIA. My mind immediately chastised me for my foolishness, I’d ignored the golden rule: never let your passport out of your sight. Now ghosted by my visa agent, over the next two weeks, I was bounced between various administrative and official departments. A comedy of communication errors and confusion over its whereabouts resulted in my passport being officially declared lost, re-found and eventually returned to me with a warning to pick a better agent next time and not worth the paper it was printed on.

Despite the extra stress, expense and life admin that came from my “visa gate,” I refuse to look at it through a purely negative lens – I did really hate my old passport photo – I’ll still never let my passport out of my sight again. ★



# Born of the Bubble Tea Generation

By Mina Yan

If one beverage could define Chinese millennials, it would be bubble tea. Growing up in Southern California in the 1990s, getting a bubble tea was like grabbing a coffee. But there weren't many places to get them back then. Let me give you an example: I grew up in Newport Beach, California, a predominantly white neighbourhood. For a sip of this delicious drink, we had to drive about 40 minutes to Alhambra, where there was a much larger Chinese-American community. Now, it's no longer a novelty – bubble tea stands are everywhere. The world has finally discovered this cute beverage.

Back then, it went by many names: the cool kids simply called it “boba,” the parental generation called it pearl milk tea (which makes it sound like it comes with a side of fancy scones), those new to the drink called it bubble tea, and the super newbies called it tapioca tea.

So what's so cool about a cup of tea? For one, it looks adorable! You get a layer of tapioca balls in a big cup of icy sweet milk tea, topped off with a chubby straw that's too cute for its own good.

For me, the drink brought generations together. Chinese parents love their hot water and hot tea, and the younger generations loved icy drinks. While drinking ice water might be cause for dispute, cold bubble tea was totally acceptable and loved by the whole family. Since older Chinese generations didn't grow up drinking coffee, trying to bond with your grandparents over a Starbucks just wasn't a thing. But they understood tea. Granted, they're used to high quality green tea, but grandparents are more than happy to settle for an average oolong mixed with condensed milk and tapioca if it brought them closer to their grandkids. So if you think about it, a 30 yuan (US\$4) cup of bubble tea helps to bridge generational gaps.

Today, bubble tea shops are all over China. You can't walk down a street near any of Beijing's touristy landmarks without seeing multiple bubble tea shops within mere feet of each other. God forbid it takes more than two minutes to find bubble tea when a craving hits.

What might seem like a relative novelty has roots that extend to 1980s Taiwan. The



“bubbles” are made from tapioca, a starch extracted from the cassava root, which was introduced to Taiwan from South America by the Japanese. The tapioca balls have little flavour and only contribute a smooth chewy texture.

From a health perspective, they have no nutritional benefit and, if consumed in large quantities, are not that easy to digest. Today, bubble tea shops all over China serve tapioca pearls as a classic menu item, but to keep up with the competition have not only added more flavour options for tea, but also tapioca alternatives like fruit jellies.

And in this digital day and age, a drink isn't a hit unless it's Instagram-able. Coffee shops have foam art. Cocktail bars have dry ice, flair and elaborate mixes. Bubble tea shops have cuteness. With oversized straws, cute cups and marketing to match, bubble tea is a regular accessory for Instagrammers all around the world. ★

## real chinese

houlang

young generation

On May 4, China's Youth Day, a video about the older generation's advice to young people went viral on the internet, and with it the words *houlang* (younger generation) and *qianlang* (older generation).

*Qianlang* and *houlang* are not new terms. They refer to the succession of rolling waves (*lang*) in the Yangtze River from the saying “the waves behind (*houlang*) push the waves ahead (*qianlang*),” which alludes to how each generation excels their predecessors and

eventually replaces them.

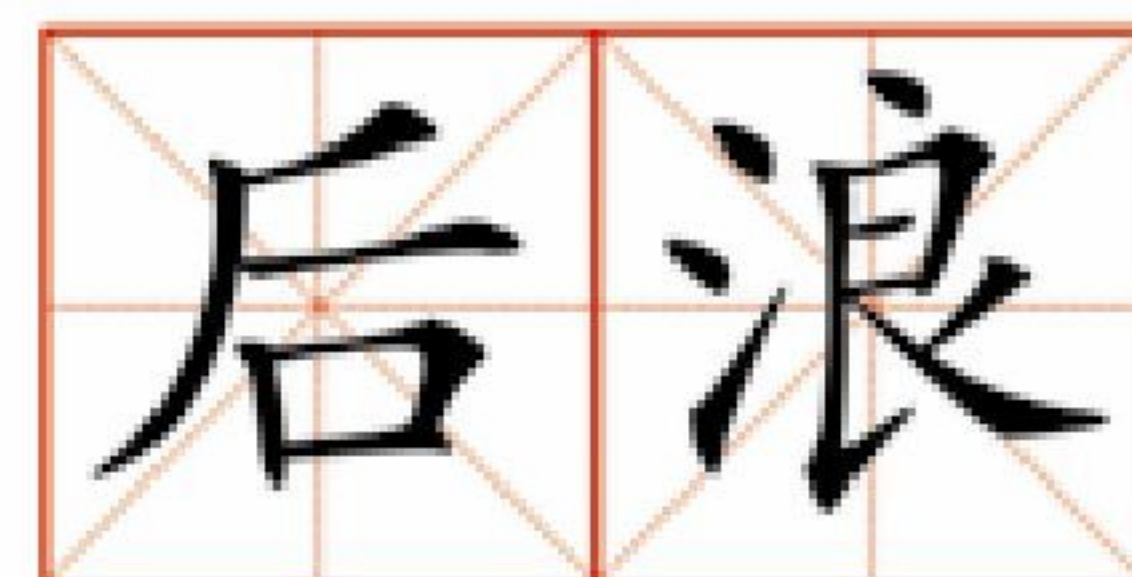
In the video, middle-aged actor He Bing praises how young people are growing up in a more open-minded, tolerant and informed society than previous generations and encourages them to work hard.

But his message sparked debate online, with some young people criticizing him for simply focusing on the advantages of today's society while ignoring its disadvantages, such as high housing prices and steeper competi-

tion. Opponents said the video stereotypes younger people, and due to the widening income gap and increasingly stratified social classes, not every young person is as privileged as He implies.

Many of He's supporters are *qianlang*, who argue that every generation faces its own challenges and there's no excuse for avoiding hard work. “If you do nothing but complain, even if you're a *houlang* you'll just be replaced,” one netizen wrote. ★

hòu      làng







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